



**FINAL ANNUAL BUDGET OF
//KHARA HAIS MUNICIPALITY**

**2016/17 TO 2018/19
MEDIUM TERM REVENUE AND
EXPENDITURE FORECASTS**

**Approved by Council on
31 May 2016**

Copies of this document can be viewed:

- In the foyers of all municipal buildings
- All public libraries within the municipality
 - At www.karahais.gov.za

Table of Contents

PART 1 – ANNUAL BUDGET	2
1.1 MAYOR’S REPORT	2
1.2 COUNCIL RESOLUTIONS	3
1.3 EXECUTIVE SUMMARY	5
1.4 OPERATING REVENUE FRAMEWORK	9
1.5 OPERATING EXPENDITURE FRAMEWORK	23
1.6 CAPITAL EXPENDITURE	29
1.7 ANNUAL BUDGET TABLES - PARENT MUNICIPALITY	31
2 PART 2 – SUPPORTING DOCUMENTATION.....	52
2.1 OVERVIEW OF THE ANNUAL BUDGET PROCESS.....	52
2.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP	56
2.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS	68
2.4 OVERVIEW OF BUDGET RELATED-POLICIES.....	80
2.5 OVERVIEW OF BUDGET ASSUMPTIONS.....	83
2.6 OVERVIEW OF BUDGET FUNDING	87
2.7 EXPENDITURE ON GRANTS AND RECONCILIATIONS OF UNSPENT FUNDS.....	105
2.8 COUNCILLOR AND EMPLOYEE BENEFITS	107
2.9 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW	110
2.10 ANNUAL BUDGETS AND SDBIPs – INTERNAL DEPARTMENTS.....	116
2.11 CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS.....	117
2.12 CAPITAL EXPENDITURE DETAILS	117
2.13 LEGISLATION COMPLIANCE STATUS.....	115
2.14 OTHER SUPPORTING DOCUMENTS	116
2.15 MUNICIPAL MANAGER’S QUALITY CERTIFICATE	123

List of Tables

Table 1 Consolidated Overview of the 2016/17 MTREF	8
Table 2 Summary of revenue classified by main revenue source	10
Table 3 Percentage growth in revenue by main revenue source	11
Table 4 Operating Transfers and Grant Receipts.....	12
Table 5 Comparison of proposed rates to levied for the 2016/17 financial year	15
Table 6 Proposed Water Tariffs	16
Table 7 Comparison between current water charges and increases (Domestic).....	16
Table 8 Comparison between current electricity charges and increases (Domestic)	18
Table 9 Comparison between current sanitation charges and increases.....	19
Table 10 Comparison between current sanitation charges and increases, houses	20
Table 11 Comparison between current waste removal fees and increases.....	20
Table 12 MBRR Table SA14 – Household bills	19
Table 13 Summary of operating expenditure by standard classification item.....	23
Table 14 Operational repairs and maintenance	27

Table 15 Repairs and maintenance per asset class.	25
Table 16 2016/17 Medium-term capital budget per vote.....	26
Table 17 MBRR Table A1 – Budget Summary.	30
Table 18 MBRR Table A2 – Budgeted Financial Performance (revenue and expenditure by standard classification)	31
Table 19 MBRR Table A3 – Budgeted Financial Performance (revenue and expenditure by standard classification)	32
Table 20 Suplus/(Deficit) calculations for the trading services.	33
Table 21 MBRR Table A4 – Budgeted Financial Performance (revenue and expenditure)....	34
Table 22 MBRR Table A5 – Budgeted Capital Expenditure by vote, standard classification and funding source... ..	37
Table 23 MBRR Table A6 – Budgeted Financial Position	38
Table 24 MBRR Table A7 – Budgeted Cash Flow Statement	40
Table 25 MBRR Table A8 – Cash Backed Reserves/Accumulated Surplus Reconciliation	41
Table 26 MBRR Table A9 – Asset Management.....	43
Table 27 MBRR Table A10 – Basic Service Delivery Measurement	45
Table 28 IDP Strategic Objectives	53
Table 29 MBRR Table SA4 – Reconciliation between the IDP strategic objectives and budgeted revenue	57
Table 30 MBRR Table SA5 – Reconciliation between the IDP strategic objectives and budgeted operating expenditure	58
Table 31 MBRR Table SA6 – Reconciliation between the IDP strategic objectives and budgeted capital expenditure	59
Table 32 MBRR Table SA7 – Measureable performance objectives.....	62
Table 33 MBRR Table SA8 – Performance indicators and benchmarks	65
Table 34 Credit rating outlook	74
Table 35 Breakdown of the operating revenue over the medium-term.....	77
Table 36 Proposed tariff increases over the medium-term	78
Table 37 MBRR Table SA15 – Detail investment information	79
Table 38 MBRR Table SA16 – Investment particulars by maturity.....	80
Table 39 Sources of capital revenue over the MTREF	80
Table 40 MBRR Table SA17 – Details of borrowings.....	81
Table 41 MBRR Table SA18 – Capital transfers and grants receipts.....	82
Table 42 MBRR Table A7 – Budget cash flow statement.....	83
Table 43 MBRR Table A8 – Cash backed reserves/accumulated surplus reconciliation	85
Table 44 MBRR Table SA10 – Funding compliance measurement	88
Table 45 MBRR Table SA19 – Expenditure on transfers and grant programmes.....	93
Table 46 MBRR Table SA20 – Reconciliation between transfers, grant receipts and unspent funds	94

Table 47 MBRR Table SA22 – Summary of councillor and staff benefits	95
Table 48 MBRR Table SA23 – Salaries, allowance and benefits (political office bearers/councillors / senior managers)	96
Table 49 MBRR Table SA24 – Summary of personnel numbers	96
Table 50 MBRR Table SA25 – Budgeted monthly revenue and expenditure	97
Table 51 MBRR Table SA26 – Budgeted monthly revenue and expenditure (municipal vote)98	
Table 52 MBRR Table SA27 – Budgeted monthly revenue and expenditure (standard classification).....	99
Table 53 MBRR Table SA28 – Budgeted monthly capital expenditure (municipal vote)	100
Table 54 MBRR Table SA29 – Budgeted monthly capital expenditure (standard classification)101	
Table 55 MBRR Table SA30 – Budgeted monthly cash flow	102
Table 56 Water Services Department – operating revenue by source, expenditure by type and total capital expenditure.....	103
Table 57 Water Service Department – Performance objectives and indicators	103
Table 58 MBRR Table SA34a – Capital expenditure on new assets by asset class	105
Table 59 MBRR Table SA34b – Capital expenditure on the renewal of existing assets by asset class.....	106
Table 60 MBRR Table SA34c – Repairs and maintenance expenditure by asset class	107
Table 61 MBRR Table SA35 – Future financial implications of the capital budget.....	108
Table 62 MBRR Table SA36 – Detailed capital budget per municipal vote	109
Table 63 MBRR Table SA1 – Supporting detail to budgeted financial performance	116
Table 64 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)	119
Table 65 MBRR Table SA3 – Supporting detail to Statement of Financial Position	120
Table 66 MBRR Table SA9 – Social, economic and demographic statistics and assumptions121	
Table 67 MBRR Table SA32 – List of external mechanisms	122

List of Figures

Figure 1 Main operational expenditure categories for the 2016/17 financial year	27
Figure 2 Capital Infrastructure Programme	Error! Bookmark not defined.
Figure 3 Expenditure by major type	Error! Bookmark not defined.
Figure 4 Depreciation in relation to repairs and maintenance over the MTREF.....	Error! Bookmark not defined.
Figure 5 Planning, budgeting and reporting cycle	69
Figure 6 Definition of performance information concepts.....	70
Figure 7 Breakdown of operating revenue over the 2016/17 MTREF.....	87
Figure 8 Sources of capital revenue for the 2016/17 financial year.....	92
Figure 9 Growth in outstanding borrowing (long-term liabilities).....	Error! Bookmark not defined.
Figure 10 Cash and cash equivalents / Cash backed reserves and accumulated funds	Error! Bookmark not defined.

Abbreviations and Acronyms

AMR	Automated Meter Reading	LED	Local Economic Development
ASGISA	Accelerated and Shared Growth Initiative	MEC	Member of the Executive Committee
BPC	Budget Planning Committee	MFMA	Municipal Financial Management Act
CBD	Central Business District	MIG	Municipal Infrastructure Grant
CFO	Chief Financial Officer	MMC	Member of Mayoral Committee
CM	City Manager	MPRA	Municipal Properties Rates Act
CPI	Consumer Price Index	MSA	Municipal Systems Act
CRRF	Capital Replacement Reserve Fund	MTEF	Medium-term Expenditure Framework
DBSA	Development Bank of South Africa	MTREF	Medium-Term Revenue and Expenditure Framework
DoRA	Division of Revenue Act	NERSA	National Electricity Regulator South Africa
DWA	Department of Water Affairs	NGO	Non-Governmental organisations
EE	Employment Equity	NKPIs	National Key Performance Indicators
EEDSM	Energy Efficiency Demand Side Management	OHS	Occupational Health and Safety
EM	Executive Mayor	OP	Operational Plan
FBS	Free basic services	PBO	Public Benefit Organisations
GAMAP	Generally Accepted Municipal Accounting Practice	PHC	Provincial Health Care
GDP	Gross domestic product	PMS	Performance Management System
GDS	Gauteng Growth and Development Strategy	PPE	Property Plant and Equipment
GFS	Government Financial Statistics	PPP	Public Private Partnership
GRAP	General Recognised Accounting Practice	PTIS	Public Transport Infrastructure System
HR	Human Resources	RG	Restructuring Grant
HSRC	Human Science Research Council	RSC	Regional Services Council
IDP	Integrated Development Strategy	SALGA	South African Local Government Association
IT	Information Technology	SAPS	South African Police Service
kℓ	kilolitre	SDBIP	Service Delivery Budget Implementation Plan
km	kilometre	SMME	Small Micro and Medium Enterprises
KPA	Key Performance Area		
KPI	Key Performance Indicator		
kWh	kilowatt per hour		
ℓ	litre		

Part 1 – Annual Budget

1.1 Mayor's Report

In his Budget Speech to Parliament on 17 February 2010, the Minister of Finance said: *"We cannot expect to do the same old things and expect different results"*. In the past three years, the world economy has gone through its deepest recession in over 70 years. Signals are that the recovery is still fragile and many commentators caution that current positive economic trends may be short-lived and that the world economy may yet experience a second recessionary wave. //Khara Hais Municipality was in no way immune to the harsh economic realities associated with the recession. Among the impacts are the serious cash flow challenges currently being experienced by the municipality due to among other things the depletion of cash-backed reserves; historic expenditure patterns and a general lack of "doing business smarter".

Management within local government has a significant role to play in strengthening the link between the citizen and government's overall priorities and spending plans. The goal should be to enhance service delivery aimed at improving the quality of life for all people within the //Khara Hais Municipality. Budgeting is primarily about the choices that the municipality has to make between competing priorities, available financial resources and fiscal realities. The challenge is to do more with the available resources. We need to remain focused on the effective delivery of the core municipal services through the application of efficient and effective service delivery mechanisms.

We, as leaders, have the power to take decisions and had to take hard decisions on how we will use available resources. We cannot please everyone and everyone will not necessarily agree with these decisions. Bill Cosby once said: *"I don't know the key to success, but the key to failure is trying to please everybody."*

The application of sound financial management principles for the compilation of the municipality's financial plan is essential and critical to ensure that the municipality remains financially viable and that sustainable municipal services are provided economically and equitably to all communities.

We as councillors and senior management together with the inputs and comments of the local community has developed an IDP and a credible and sustainable budget with realistically anticipated revenue sources to improve the quality of our people's life. Unfortunately our needs are far greater than our available resources and therefore not nearly enough of the developmental needs identified in our developed IDP could be met with the available financial resources. It is however a worldwide problem that identified needs by far exceeds available financial resources and therefore we had to prioritise our needs and implement those projects and programmes that have the biggest affect in improving our people's quality of life.

Based on the comments and inputs received on the final IDP and final budget and proposed tariffs, it is recommended that Council adopt the following budget resolutions.

1.2 Council Resolutions

On 31 May 2016 the Council of //Khara Hais Municipality met in the Council Chambers of //Khara Hais Municipality to consider the annual budget of the municipality for the financial year 2016/2017. The Council approved and adopted the following resolutions:

1. The Council of //Khara Hais Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
 - 1.1. The annual budget of the municipality for the financial year 2016/2017 and the multi-year and single-year operating and capital appropriations as set out in the following tables:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 18 on page 31;
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 19 on page 32;
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 21 on page 34; and

- 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 22 on page 37.
- 1.2. The financial position, cash flow budget, cash-backed reserve / accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
 - 1.2.1. Budgeted Financial Position as contained in Table 23 on page 38;
 - 1.2.2. Budgeted Cash Flows as contained in Table 24 on page 40;
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 25 on page 41;
 - 1.2.4. Asset management as contained in Table 26 on page 43; and
 - 1.2.5. Basic service delivery measurement as contained in Table 27 on page 45.
2. The Council of //Khara Hais Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2016:
 - 2.1. The tariffs for property rates – as set out in Annexure A (Final Tariff List);
 - 2.2. The tariffs for electricity – as set out in Annexure A (Final Tariff List);
 - 2.3. The tariffs for the supply of water – as set out in Annexure A (Final Tariff List);
 - 2.4. The tariffs for sanitation services – as set out in Annexure A (Final Tariff List); and
 - 2.5. The tariffs for solid waste services – as set out in Annexure A (Final Tariff List).
3. The Council of //Khara Hais Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2016 the tariffs for all other services, as set out in Annexure A (Final Tariff List).

4. To give proper effect to the municipality's final annual budget, the Council of //Khara Hais Municipality approves:
 - 4.1. That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.
 - 4.2. That the municipality do not raise any long term loans for the 2016/2017 MTREF.
 - 4.3. That the Municipal Manager be authorised to sign all necessary agreements and documents to give effect to the above funding programme.

1.3 Executive Summary

The application of sound financial management principles for the compilation of the municipality's financial plan is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low-to high-priority programs so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on non-core and 'nice to have' items. This has resulted in savings to the municipality. Key areas were savings for councillors on telephone and internet usage, printing, attending of workshops, overseas and national travel and accommodation and catering.

The municipality has embarked on implementing a range of revenue collection strategies to collect of debt owed by consumers. Furthermore, the municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circulars Number 78, 79 and 82 were used to guide the compilation of the 2016/2017 MTREF.

The main challenges experienced during the compilation of the 2016/2017 MTREF can be summarised as follows:

- The on-going difficulties in the national and local economy;
- Aging water, sewerage, roads and electricity infrastructure;
- The need to reprioritised projects and expenditure within the existing resource envelope given the cash flow realities;
- The increased cost of bulk water and electricity (due to tariff increases from DWA and Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable – as there will be point where services will no-longer be affordable;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies; and
- Affordability of capital projects – original allocations had to be reduced and the operational expenditure associated with prior year's capital investments needed to be factored into the budget as part of the 2016/2017 MTREF process.
- The amalgamation of //Khara Hais Municipality and Mier Municipality after the local government elections that will be held on the 3rd of August 2016. Both municipalities will be disestablished and a new municipality will be established.

The following budget principles and guidelines directly informed the compilation of the 2016/2017 MTREF:

- The 2015/2016 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2016/2017 final annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;

- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI; except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the wage negotiations as well as cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;
- The municipality did budget for two allocations that were not gazetted. As the municipality is not allowed to increase income via the Virement Policy and the adjustment budget is only approved after the festival took place; this should remain on the budget. The municipality is not allowed to increase income via virements.
- The amalgamation of //Khara Hais and Mier Municipalities in the 2016/2017 Financial year also put immeasurable strain on the 2016/2017 Final budget as the two municipality's budget needs to be aligned to ensure that when the amalgamation takes place, that the combination of the two budgets are done seamlessly.
- Expenditure on certain items were limited and for the following items and allocations to these items it had to be supported by a list and / or motivation setting out the intention and cost of the expenditure which was used to prioritise expenditures:
 - Special Projects;
 - Consultant Fees;
 - Furniture and office equipment;
 - Special Events;
 - Refreshments and entertainment;
 - Donations;
 - Ad-hoc travelling; and
 - Subsistence, Travelling & Conference fees (national & international).

In view of the aforementioned, the following table is a consolidated overview of the proposed 2016/2017 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2016/2017 MTREF

Description R thousands	Current Year 2015/16	2016/17 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	Budget Year 2016/17	%	Budget Year +1 2017/18	%	Budget Year +2 2018/19	%
Total Revenue (excluding capital transfers and contributions)	600 174	575 755	-4.1%	589 189	2.3%	633 894	7.6%
Total Expenditure	607 850	612 513	0.8%	641 338	4.7%	677 091	5.6%
Surplus/(Deficit)	(7 676)	(36 758)	378.9%	(52 149)	41.9%	(43 196)	-17.2%
Transfers recognised - capital	27 043	31 819		30 660	-3.6%	23 225	-24.3%
Surplus/(Deficit) for the year	19 367	(4 939)	-125.5%	(21 489)	335.1%	(19 972)	-7.1%

Total operating revenue has decreased by 4.1% or R 24.4million for the 2016/2017 financial year when compared to the 2015/2016 Adjustments Budget. This is due to income for free basic services rendered to indigent households now being deducted from the income where it was previously disclosed as an expenditure. For the two outer years, operational revenue will increase by 2.3% and 7.6% respectively; equating to a total revenue growth of R 33.7 million over the MTREF when compared to the 2015/2016 financial year.

Total operating expenditure for the 2016/2017 financial year has been appropriated at R 612.5 million and translates into a budgeted deficit of R 36.7 million. When compared to the 2015/2016 Adjustments Budget; operating expenditure has grown by 0.8% in the 2016/2017 budget and by 4.7% and 5.6% for each of the respective outer years of the MTREF. The operating deficit for the two outer years increases to R 21.4 million and R 19.9 million. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years. This additional off-setting depreciation is not included in the budget for tariff calculation purposes. However, the municipality can expect to generate a non-cash operating deficit when the 2016/2017 annual financial statements are compiled compliant with the Accounting Standards since this off-setting depreciation is reflected in the Statement of Financial Performance and not directly to the Statement of Changes in Net Assets.

The capital budget of R 69.8 million for 2016/2017 is 36.6% more when compared to the 2015/2016 Adjustment Budget. The increase is due to various projects being finalised in the next financial year as well as affordability constraints in the light of current economic circumstances. The capital programme further decreases to R 39.7 million in the

2018/2019 financial year and to R 32.0 million in the 2018/2019 financial year. More than half of the capital budget will be funded from own funding (revenue) over MTREF with anticipated own funding of R 37.9 million; R 9.1 million and R 8.9 million in each of the financial years of the MTREF. Own funding will contribute 54.4%, 22.8% and 27.6% of capital expenditure in each of the MTREF years; and, government grants and transfers will contribute 45.6%, 77.2% and 72.4% of capital expenditure in each of the MTREF years. The projects will be funded from external borrowing. Note that the municipality has reached its prudential borrowing limits and so there is very little scope to substantially increase these borrowing levels over the medium-term. The repayment of capital and interest (debt services costs) has substantially increased over the past four years as a result of the aggressive capital infrastructure programme implemented over the past four years. Consequently, the capital budget remains relatively flat over the medium-term.

1.4 Operating Revenue Framework

For //Khara Hais Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 99 per cent (99%) annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing / calculating the revenue requirement of each service;

- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of "free" basic services; and
- Tariff policies of the municipality.

The following Table 2 is a summary of the 2016/2017 MTREF (classified by main revenue source). In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus / (deficit).

Table 2 Summary of revenue classified by main revenue source

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1										
Revenue By Source											
Property rates	2	48 386	58 865	69 700	75 488	78 693	78 693	78 693	84 201	90 095	96 402
Service charges - electricity revenue	2	178 815	204 714	220 448	247 425	253 027	253 027	253 027	267 694	288 222	310 323
Service charges - water revenue	2	39 027	44 475	47 326	48 709	48 401	48 401	48 401	51 232	54 824	58 668
Service charges - sanitation revenue	2	25 249	27 782	30 487	30 739	33 127	33 127	33 127	26 974	28 947	31 063
Service charges - refuse revenue	2	23 181	26 274	29 667	29 108	29 098	29 098	29 098	22 144	23 784	25 544
Rental of facilities and equipment		6 273	8 124	8 599	9 531	7 467	7 467	7 467	8 538	9 050	9 594
Interest earned - external investments		1 286	1 165	706	600	580	580	580	600	636	674
Interest earned - outstanding debtors		1 779	1 997	2 477	2 400	3 000	3 000	3 000	3 000	3 180	3 371
Fines		1 313	873	3 090	431	521	521	521	541	574	608
Licences and permits		1 681	1 642	1 665	1 612	1 523	1 523	1 523	1 583	1 678	1 779
Agency services		3 198	3 458	3 706	3 450	3 450	3 450	3 450	4 307	3 876	4 109
Transfers recognised - operational		66 750	69 413	67 147	73 268	68 135	68 135	68 135	73 477	67 050	73 451
Other revenue	2	17 109	27 640	41 399	10 149	12 221	12 221	12 221	13 264	14 060	14 904
Gains on disposal of PPE		1 120	3 044	-	60 010	60 932	60 932	60 932	18 200	3 212	3 405
Total Revenue (excluding capital transfers and contributions)		415 166	479 464	526 416	592 920	600 174	600 174	600 174	575 755	589 189	633 894

The following Table 3 shows the percentage growth in revenue by main revenue source.

Table 3 Percentage growth in revenue by main revenue source

Description R thousand	Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2016/17	%	Budget Year +1 2017/18	%	Budget Year +2 2018/19	%
Revenue By Source								
Property rates	78 693	13.1%	84 201	14.6%	90 095	15.3%	96 402	15.2%
Property rates - penalties & collection charges	–	0.0%	–	0.0%	–	0.0%	–	0.0%
Service charges - electricity revenue	253 027	42.2%	267 694	46.5%	288 222	48.9%	310 323	49.0%
Service charges - water revenue	48 401	8.1%	51 232	8.9%	54 824	9.3%	58 668	9.3%
Service charges - sanitation revenue	33 127	5.5%	26 974	4.7%	28 947	4.9%	31 063	4.9%
Service charges - refuse revenue	29 098	4.8%	22 144	3.8%	23 784	4.0%	25 544	4.0%
Service charges - other	–	0.0%	–	0.0%	–	0.0%	–	0.0%
Rental of facilities and equipment	7 467	1.2%	8 538	1.5%	9 050	1.5%	9 594	1.5%
Interest earned - external investments	580	0.1%	600	0.1%	636	0.1%	674	0.1%
Interest earned - outstanding debtors	3 000	0.5%	3 000	0.5%	3 180	0.5%	3 371	0.5%
Dividends received	–	0.0%	–	0.0%	–	0.0%	–	0.0%
Fines	521	0.1%	541	0.1%	574	0.1%	608	0.1%
Licences and permits	1 523	0.3%	1 583	0.3%	1 678	0.3%	1 779	0.3%
Agency services	3 450	0.6%	4 307	0.7%	3 876	0.7%	4 109	0.6%
Transfers recognised - operational	68 135	11.4%	73 477	12.8%	67 050	11.4%	73 451	11.6%
Other revenue	12 221	2.0%	13 264	2.3%	14 060	2.4%	14 904	2.4%
Gains on disposal of PPE	60 932	10.2%	18 200	3.2%	3 212	0.5%	3 405	0.5%
Total Revenue (excluding capital transfers and contributions)	600 174	100%	575 755	100%	589 189	100%	633 894	100%

Revenue generated from rates and services charges forms a significant percentage of the revenue basket of the municipality. Rates and service charge revenues comprise more than three quarters of the total revenue mix. In the 2015/2016 financial year, revenue from rates and services charges totaled R 442.3 million or 73.7%. This increases to R 452.2 million, R 485.8 million and R 522.0 million in the respective financial years of the MTREF. A notable trend is the increase in the total percentage revenue generated from rates and services charges which increases from 73.7% in 2015/2016 to 82.3% in 2018/2019. This growth can be mainly attributed to the increased share that the sale of electricity contributes to the total revenue mix, which in turn is due to rapid increases in the Eskom tariffs for bulk electricity. The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Details in this regard are contained in Table 63 MBRR SA1 (see page 116).

Electricity sales is the largest revenue source totalling R 267.7 million rand and increases to R 310.3 million by 2018/2019. Property rates is the second largest revenue source totalling R 84.2 million rand and increases to R 96.4 million by 2018/2019. Water is the fourth largest revenue source, after Transfer recognised – Operational that is in third,

totaling R 51.2 million rand and increases to R 58.6 million by 2018/2019. Departments have been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective and market related.

Operating grants and transfers totals R 73.4 million in the 2016/2017 financial year, decreases to R67.0 million for 2017/2018 and increases to R 73.4 million by 2018/2019. Note that the year-on-year growth for the 2016/2017 financial year is 7.8% and -8.7% and 9.5% for the two outer years. The reason for this is that //Khara Hais Municipality and Mier Municipality are in the process of being amalgamated in August 2016. Therefore uncertainty exists regarding the grant and transfer income for both individual municipalities. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 4 Operating Transfers and Grant Receipts

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		55 286	62 742	60 165	70 905	64 385	64 385	69 231	63 058	69 227
Local Government Equitable Share		52 652	53 914	56 129	57 629	57 629	57 629	54 168	56 734	61 738
Finance Management		1 160	1 550	1 600	1 600	1 600	1 600	1 625	1 723	1 826
Municipal Systems Improvement		562	890	934	930	930	930	-	-	-
Energy Efficiency and Demand Management		-	-	200	6 000	60	60	886	614	-
Municipal Infrastructure Grant (MIG)		912	5 222	1 102	3 764	3 184	3 184	3 387	213	5 417
Integrated National Electrification Programme		-	123	150	860	860	860	614	123	246
EPWP Incentive		-	1 043	51	123	123	123	123	-	-
Amalgamation Grant		-	-	-	-	-	-	8 429	3 652	-
Provincial Government:		8 014	19 925	2 918	2 099	2 143	2 143	4 095	3 833	4 056
Sport and Recreation		597	931	1 320	2 099	2 090	2 090	2 137	2 293	2 426
Health subsidy		1 104	2 274	884		53	53	1 467	1 540	1 630
Water Affairs				714						
Dept Transport				-						
Coghta		6 313	16 720	-				491		
District Municipality:		-	-	-	-	1 437	1 437	-	-	-
ZFM District Municipality						1 437	1 437	-	-	-
Other grant providers:		214	259	398	264	170	170	150	159	169
Sponsors for Cultural Festival		-	218	330	220	170	170	150	159	169
SETA Training Subsidy		182	-	-						
Other		32	-	15						
FET Coghta Learnership		-	41	53	44	-	-			
Total Operating Transfers and Grants	5	63 514	82 925	63 481	73 268	68 135	68 135	73 477	67 050	73 451

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6% upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of both Eskom and DWA bulk tariffs are more than the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and in these tariffs are largely outside the control of the municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the municipality's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services; whereas the cost drivers of a municipality are informed by items such as the cost of remuneration of salaries and allowances, bulk purchases of electricity and water, petrol, diesel, chemicals, cement, etcetera. The current challenge facing the municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the municipality has undertaken the tariff setting process relating to service charges as follows.

1.4.1 Property Rates

Property rates partially cover the cost of the provision of general services. However, some of these costs are subsidised through profits generated from trading services (electricity and

water sales). Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure (PSI) and agricultural properties relative to residential properties to be 0.25:1. The implementation of these regulations was done in the 2009/2010 budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R 15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA);
- 100% rebate may be granted to registered indigents in terms of the Customer Care, Credit Control, Debt Collection and Indigent Support Policy;
- For pensioners, physically and mentally disabled persons, a rebate of 20% to 100% (calculated on a sliding scale) will be granted to owners of rate-able property if the total gross income of the applicant and / or his / her spouse, if any, does not exceed the amount R 5 980 per month. In this regard the following stipulations are relevant:
 - The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependents without income;
 - The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;
 - The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
 - The property must be categorised as residential.
- The Municipality may award a 100% grant-in-aid on the assessment rates of rate-able properties of certain classes such as registered welfare organisations, institutions or organisations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply in the prescribed format for such a grant.

- Agricultural properties in terms of the //Khara Hais Municipality's Property Rates Policy may qualify for a further rebate of up to 20%. The owner of such a property must apply in the prescribed format for such a rebate before August.

A new valuation roll was implemented on the 1st of July 2014. Provision for this expenditure was made in the 2013/2014 Adjustment Budget. Thereafter provision for interim valuations for this expenditure was made on a year-on-year basis.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2016/2017 financial year based on the $\pm 7\%$ increase from 1 July 2016 is contained in Table 5 below.

Table 5 Comparison of proposed rates to levied for the 2016/17 financial year

Category		Proposed Tariff from 1 July 2015	Proposed Tariff from 1 July 2016
		Cent / R 1	Cent / R 1
Residential Properties	(Ratio 1.00: 1.00)	1.01892	1.09024
Residential Zone 3 Properties	(Ratio 1.00: 1.25)	1.27370	1.36286
Public Benefit Organisations	(Ratio 1.00: 1.00)	1.01892	1.09024
Undeveloped Properties	(Ratio 1.00: 2.00)	2.03784	2.18049
Business Properties	(Ratio 1.00: 1.50)	1.52838	1.63537
Industrial Properties	(Ratio 1.00: 1.50)	1.52838	1.63537
State Other Properties	(Ratio 1.00: 1.50)	1.52838	1.63537
State Residential Properties	(Ratio 1.00: 1.50)	1.01892	1.09024
Public Infrastructure	(Ratio 1.00: 1.50)	1.52838	1.63537
Institutional / Educational Properties	(Ratio 1.00: 1.50)	1.52838	1.63537
Agricultural Properties (including small holdings)	(Ratio 1.00: 0.25)	0.25473	0.27256
Resorts with access to refuse and sanitation services	(Ratio 1.00: 1.25)	1.27370	1.36286

1.4.2 Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent households); and

- Water tariffs are designed to encourage efficient and sustainable consumption.

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective by 2014. Better maintenance of infrastructure and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability. The municipality pumps its raw water from the Orange River and pays DWA for it.

A tariff increase of $\pm 7\%$ from 1 July 2016 for water is proposed. This is based on input cost assumptions (bulk water purchases from DWA); the cost of other inputs like chemicals, vehicle costs and salaries; and, a surplus generated on the water service of a minimum 15%. In addition, 6 kl water per month will again be granted through the equitable share grant to all registered indigent households.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

Table 6 Proposed Water Tariffs

Category	Proposed Tariff from 1 July 2015	Proposed Tariff from 1 July 2016
	Rand per kl	Rand per kl
RESIDENTIAL		
Basic charge per month	-	-
1 to 6 kl per month	5.35	5.72
7 to 18 kl per month	7.76	8.30
19 to 50 kl per month	5.46	5.84
51 to 80 kl per month	6.00	6.42
more than 81 kl per month	6.87	7.35
NON-RESIDENTIAL		0
Basic charge per month (0 -50 mm connection)	302.40	323.57
Basic charge per month (51 -150 mm connection)	828.18	886.15
1 to 6 kl per month	2.90	3.10
7 to 18 kl per month	4.95	5.30
19 to 90 kl per month	4.95	5.30
more than 91 kl per month	5.25	5.62

The following Table 7 shows the impact of the proposed increases in water tariffs on the water charges for a single dwelling-house.

Table 7 Comparison between current water charges and increases (Domestic)

Monthly Consumption kl	Current Amount Payable R	Proposed Amount Payable R	Difference / Increase R	Percentage Change
20	136.14	145.60	9.46	6.95%
30	190.74	204.00	13.26	6.95%
40	245.34	262.40	17.06	6.95%
50	299.94	320.80	20.86	6.95%
80	479.94	513.40	33.46	6.97%
100	617.34	660.40	43.06	6.98%

The tariff structure of the 2016/2017 financial year has not been changed. The tariff structure is designed to charge higher levels of consumption a higher rate, starting at R5.72 for water consumption between 0-6kl, steadily increasing to a rate of R 7.35 per kiloliter for consumption in excess of 81 kl per month.

1.4.3 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. An increase of 7.86% in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2016.

Considering the Eskom bulk purchases increases, the consumer tariff had to be increased by an average of 7.64% to offset the additional bulk purchase cost from 1 July 2016. Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which might have a negative impact on the municipality's revenue from electricity. Furthermore, note should be taken that should load-shedding be implemented again by Eskom, this will have a negative effect on the income from the sale of electricity.

Registered indigents will again be granted 50 kWh per month as a free basic service through the equitable share grant. Only registered indigent households receive free basic services (property rates, electricity, water, refuse removal and sanitation services). Registered indigent consumers' tariffs will increase with 7.64%.

The following Table 8 shows the impact of the proposed increases in electricity tariffs on the electricity charges for domestic customers:

Table 8 Comparison between current electricity charges and increases (Domestic)

Monthly Consumption 60 amp (1 phase) units	Current Amount Payable R	Proposed Amount Payable R	Difference / Increase R	Percentage Change
100	164.05	176.58	12.53	7.64%
250	410.13	441.46	31.33	7.64%
500	820.25	882.92	62.67	7.64%
750	1 230.38	1 324.38	94.00	7.64%
1 000	1 640.50	1 765.83	125.33	7.64%
2 000	3 281.00	3 531.67	250.67	7.64%

It should further be noted that NERSA has advised that a stepped tariff structure for the sale of electricity needs to be implemented from 1 July 2011. The effect thereof will be that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor). The municipality is granted exemption for the implementation of step / block tariffs for now, although this might change in the future.

Owing to the high increases in Eskom's bulk tariffs over the last five years, it is clearly not possible to fund necessary upgrades through increases in the municipal electricity tariff – as the resultant tariff increases would be unaffordable for the consumers. As part of the 2016/2017 medium-term capital programme, funding has been allocated to electricity infrastructure. These infrastructure is being funded by INEP allocations and own revenue. The total INEP funding of R 5.0 million and own funding of R2.86 million will be used to connect 345 new households to the electricity network.

1.4.4 Sanitation and Impact of Tariff Increases

A tariff increase of $\pm 7\%$ for sanitation from 1 July 2016 is proposed. This is based on the input cost assumptions related to sanitation services. It should be noted that electricity costs, chemical costs, and, salaries and allowances contributes approximately 45% of waste water treatment input costs; therefore the higher than CPI increase of 7% per cent for sanitation tariffs.

The following factors also contribute to the proposed tariff increase:

- Sanitation charges are calculated according to the size of the improvements on the property with the argument that properties with bigger improvements on it will accommodate more people or business activities that will lead to the use more water to be discharged in the sewerage distribution networks – see calculations made in Table 9 below;
- Free sanitation services will be applicable to all registered indigents households; and
- The total revenue expected to be generated from rendering sanitation services amounts to R 26.9 million for the 2016/2017 financial year.

The following Table 9 compares the current and proposed tariffs for household, business and other consumers.

Table 9 Comparison between current sanitation charges and increases

Category	Proposed Tariff from 1 July 2015	Proposed Tariff from 1 July 2016
	Rand per month	Rand per month
HOUSEHOLD PROPERTIES		
Improvements less than 70 m ²	91.25	97.75
Improvements between 70 m ² and 100 m ²	117.20	125.50
Improvements between 101 m ² and 200 m ²	179.50	192.25
Improvements larger than 200 m ²	214.80	230.00
HOTELS, BUSINESSES AND OFFICES		
For improvements up to 200 m ²	187.25	214.50
The next 300 m ² or portion thereof	187.25	214.50
For the next 400 m ² or portion thereof above 500 m ²	187.25	214.50
INDUSTRIAL PROPERTIES		
For improvements up to 200 m ²	200.50	214.50
The next 300 m ² or portion thereof	168.00	180.00
For the next 400 m ² or portion thereof above 500 m ² to 4 100 m ²	135.65	145.25
For the next 400 m ² or portion thereof above 4 100 m ²	67.15	71.85

The following table shows the impact of the proposed increases in sanitation tariffs on the sanitation charges for a single dwelling-house:

Table 10 Comparison between current sanitation charges and increases, houses

Category	Current Amount Payable per month R	Proposed Amount Payable per month R	Difference / Increase per month R	Percentage Change
Improvements less than 70 m ²	91.25	97.75	6.50	7.12%
Improvements between 70 m ² and 100 m ²	117.20	125.50	8.30	7.08%
Improvements between 101 m ² and 200 m ²	179.50	192.25	12.75	7.10%
Improvements larger than 200 m ²	214.80	230.00	15.20	7.08%

1.4.5 Waste Removal and Impact of Tariff Increases

Currently solid waste removal is operating at a deficit. It is widely accepted that the rendering of this service should at least break even, which is currently not the case. The municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main contributors to this deficit are repairs and maintenance on vehicles, increases in general expenditure such as petrol and diesel and the cost of remuneration, the vast area of the service area of the municipality that needs to be serviced and the emergence of new informal settlements.

A ±7% increase in the waste removal tariff is proposed from 1 July 2016.

The following table compares current and proposed amounts payable from 1 July 2016 for refuse removal services.

Table 11 Comparison between current waste removal fees and increases

Category	Proposed Tariff from 1 July 2015	Proposed Tariff from 1 July 2016
	Rand per month	Rand per month
HOUSEHOLD PROPERTIES		
Improvements less than 100 m ²	96.75	103.75
Improvements between 101 m ² and 200 m ²	141.70	151.75
Improvements larger than 200 m ²	180.70	193.50
BUSINESS PROPERTIES		
For improvements up to 200 m ²	20.30	21.72
The next 300 m ² or portion thereof	9.20	9.85
For the next 400 m ² or portion thereof above 500 m ²	4.60	5.00

The monthly amount payable for one removal per week varies from R 103.75 to R 193.50 for a household. This tariff includes free black plastic bags. Indigent households will get this basic service free by means of an indigent subsidy through the equitable share allocation from National Government.

1.4.6 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a middle income household (property with a municipal valuation of R 700 000; 1 000 kWh electricity consumption and 30 kl of water consumption per month); affordable income household (property with a municipal valuation of R 500 000; 500 kWh electricity consumption and 25 kl of water consumption per month) and a low income household (property with a municipal valuation of R 300 000; 350 kWh electricity consumption and 20 kl of water consumption per month). Note that in all instances the overall impact of the tariff increases on household's bills has been kept to between 6.0% and 8% per cent. This is mainly due to the increase of electricity of 7.64%, which is in excess of the inflation. Indigent household's bills are fully subsidised where the indigent household have prepaid services. Where the indigent household have conventional services, the household will be responsible for the services received more than the subsidized amount of 6 kl water and 50kW electricity.

Table 12 MBRR Table SA14 – Household bills

Description / Rand / Cent	2012/13	2013/14	2014/15	Current Year 2015/16			2015/16 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
							% incr.			
Monthly Account for										
Rates and services charges:										
Property rates	689.01	737.24	796.22	851.96	851.96	851.96	7.0%	911.59	975.40	1 043.68
Electricity: Basic levy	-	-	-	-	-	-	7.6%	-	-	-
Electricity: Consumption	1 271.80	1 360.83	1 469.69	1 572.57	1 572.57	1 572.57	7.6%	1 692.71	1 822.04	1 961.24
Water: Basic levy	-	-	-	-	-	-	7.0%	-	-	-
Water: Consumption	160.18	171.39	185.10	198.06	198.06	198.06	7.0%	211.93	226.76	242.63
Sanitation	175.18	187.44	202.44	216.61	216.61	216.61	7.0%	231.77	248.00	265.35
Refuse removal	143.56	153.61	165.90	177.51	177.51	177.51	7.0%	189.94	203.23	217.46
Other	-	-	-	-	-	-	7.0%	-	-	-
sub-total	2 439.73	2 610.51	2 819.35	3 016.71	3 016.71	3 016.71	7.3%	3 237.94	3 475.43	3 730.37
VAT on Services	245.10	262.26	283.24	303.07	303.07	303.07	7.0%	325.69	350.00	376.14
Total large household bill:	2 684.83	2 872.77	3 102.59	3 319.77	3 319.77	3 319.77	7.3%	3 563.63	3 825.43	4 106.51
% increase/-decrease	-	7.0%	8.0%	7.0%	7.0%	7.0%		7.3%	7.3%	7.3%
Monthly Account for										
Rates and services charges:										
Property rates	478.62	512.12	553.09	591.81	591.81	591.81	7.0%	633.24	677.56	724.99
Electricity: Basic levy	-	-	-	-	-	-	7.6%	-	-	-
Electricity: Consumption	635.90	680.41	734.85	786.29	786.29	786.29	7.6%	846.36	911.02	980.62
Water: Basic levy	-	-	-	-	-	-	7.0%	-	-	-
Water: Consumption	138.99	148.72	160.62	171.86	171.86	171.86	7.0%	183.89	196.76	210.54
Sanitation	146.37	156.62	169.15	180.99	180.99	180.99	7.0%	193.65	207.21	221.71
Refuse removal	111.45	119.25	128.79	137.81	137.81	137.81	7.0%	147.45	157.78	168.82
Other	-	-	-	-	-	-	7.0%	-	-	-
sub-total	1 511.33	1 617.12	1 746.49	1 868.75	1 868.75	1 868.75	7.3%	2 004.59	2 150.33	2 306.68
VAT on Services	144.58	154.70	167.08	178.77	178.77	178.77	7.0%	191.99	206.19	221.44
Total small household bill:	1 655.91	1 771.82	1 913.57	2 047.52	2 047.52	2 047.52	7.3%	2 196.58	2 356.52	2 528.12
% increase/-decrease	-	7.0%	8.0%	7.0%	7.0%	7.0%		7.3%	7.3%	7.3%
Monthly Account for										
Household - 'Indigent'										
Rates and services charges:										
Property rates	-	-	-	-	-	-	7.0%	-	-	-
Electricity: Basic levy	-	-	-	-	-	-	7.6%	-	-	-
Electricity: Consumption	39.10	41.84	45.18	48.35	48.35	48.35	7.6%	52.04	56.02	60.30
Water: Basic levy	-	-	-	-	-	-	7.0%	-	-	-
Water: Consumption	91.65	98.07	105.91	113.32	113.32	113.32	7.0%	121.26	129.75	138.83
Sanitation	74.22	79.42	85.77	91.77	91.77	91.77	7.0%	98.20	105.07	112.43
Refuse removal	75.81	81.12	87.61	93.74	93.74	93.74	7.0%	100.30	107.32	114.83
Other	-	-	-	-	-	-	7.0%	-	-	-
sub-total	280.78	300.43	324.47	347.18	347.18	347.18	7.1%	371.79	398.15	426.38
VAT on Services	39.31	42.06	45.43	48.61	48.61	48.61	7.0%	52.05	55.74	59.69
Total small household bill:	320.09	342.50	369.90	395.79	395.79	395.79	14.1%	423.85	453.89	486.08
Min: Indigent Subsidy	(320.09)	(342.50)	(369.90)	(395.79)	(395.79)	(395.79)		(423.85)	(453.89)	(486.08)
Total Payable	-	-	-	-	-	-		-	(0.01)	(0.01)
% increase/-decrease	-	-	-	-	-	-		-	-	-
% increase indigent	-	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%

1.5 Operating Expenditure Framework

The municipality's expenditure framework for the 2016/2017 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plans no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2016/2017 budget and MTREF (classified per main type of operating expenditure).

Table 13 Summary of operating expenditure by standard classification item

Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Expenditure By Type										
Employee related costs	180 521	199 440	196 438	172 654	204 706	204 706	204 706	219 953	233 179	247 165
Remuneration of councillors	6 804	7 120	7 516	8 540	8 133	8 133	8 133	8 621	9 138	9 686
Debt impairment	6 401	241	7 597	2 000	5 000	5 000	5 000	5 000	5 300	5 618
Depreciation & asset impairment	86 846	84 462	75 367	108 519	108 519	108 519	108 519	82 680	86 814	91 154
Finance charges	14 057	20 542	15 765	13 436	7 706	7 706	7 706	14 978	12 245	11 337
Bulk purchases	122 837	136 376	149 833	175 164	175 164	175 164	175 164	188 887	203 686	219 645
Other materials	12 636	10 555	9 297	18 758	16 308	16 308	16 308	17 937	17 745	18 810
Contracted services	15 962	15 984	9 137	12 413	8 748	8 748	8 748	7 169	7 170	7 589
Transfers and grants	25 478	27 210	27 047	21 597	21 490	21 490	21 490	110	117	124
Other expenditure	48 546	46 071	47 503	61 920	52 076	52 076	52 076	67 178	65 944	65 963
Loss on disposal of PPE	-	-	9 456	-	-	-	-	-	-	-
Total Expenditure	520 087 439	548 001	554 957	595 000	607 850	607 850	607 850	612 513	641 338	677 091

The budgeted allocation for employee related costs for the 2016/2017 financial year totals R 219.9 million, which equals 35.9% per cent of the total operating expenditure and 41.9% of operating expenditure excluding non-cash items. The salary collective agreement for 2016/2017 is 6% and onwards exists and the municipality has budgeted for a cost-of-living increase of 6%.

SALGA and the two workers unions (SAMWU and IMATU) reached a salary agreement in 2015/2016. Based on this agreement, salaries will increase by 6.0%. An annual cost-of-living increase of 6.0% has been included in the two outer years of the MTREF. As part of the municipality's cost reprioritisation and cash management strategy vacancies have been significantly rationalised downwards. In addition expenditure against overtime was significantly reduced, with provisions against this budget item only being provided for emergency services and other critical functions. All overtime is being approved by the Accounting Officer to ensure that the overtime is monitored at all times.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the municipality's budget.

The provision of debt impairment was determined based on an annual collection rate of 98% for the 2015/2016 financial year and the Writing-Off of Irrecoverable Debt Policy of the municipality. This collection rate would have been 99.5% if government honoured their debt payments. For the 2016/2017 financial year this amount equates to R 5.0 million and R 5.3 million and R5.618 million for the two outer years. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues. The moratorium on the handover of residential consumers was lifted in 2015/2016 and therefore defaulting consumer debtors will be handed over for collection.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total

R 82.6 million for the 2016/2017 financial and equates to 13.3% of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years. This additional off-setting depreciation is not included in the budget for tariff calculation purposes. However, the municipality can expect to generate a non-cash operating deficit when the 2016/2017 annual financial statements are compiled compliant with the Accounting Standards since this off-setting depreciation is reflected in the Statement of Financial Performance and not directly to the Statement of Changes in Net Assets.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 2.4% (R 15.0 million) of operating expenditure excluding annual redemption for 2016/2017 and decreases to R 11.4 million by 2018/2019. As previously noted, the municipality has reached its prudential limits for borrowing. Therefore no external borrowing is being budgeted for from 2016/2017 – 2018/2019.

Bulk purchases are directly informed by the purchase of electricity from Eskom and water from DWA. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Other materials to be procured for the maintenance of the municipality's assets are included under other expenditure. This includes an amount of R 17.9 million for the 2016/2017 financial year and R 17.7 million and R 18.8 million for the two outer years of the MTREF. With the adoption of GRAP 17 //Khara Hais Municipality adopted the revaluation method with the higher Depreciated Replacement Cost (DRC), this resulted in a net asset value of R 1.8 billion. Circular 55 requires that municipalities should ensure that repairs and maintenance is at least 8% of the total value of Property, Plant and Equipment, this is however impossible to budget for repairs and maintenance of R 145.6 million as this expenditure must be funded with tariff increases. Therefore the implication of the revaluation method of GRAP 17 is taken into consideration when determining the budgeted amounts for repairs and maintenance.

Contracted services have been identified as a cost saving area for the municipality. As part of the compilation of the 2016/2017 MTREF this group of expenditure was critically

evaluated and operational efficiencies were enforced. In the 2016/2017 financial year, this group of expenditure totals R 7.1 million and has decreased by 18.1% compared to the 2015/2016 adjustments budget, clearly. For the two outer years growth has been limited to 0% and 5.8%. As part of the process of identifying further cost efficiencies, a business process re-engineering project will commence in the 2016/2017 financial year to identify alternative practices and procedures, including building in-house capacity for certain activities that are currently being contracted out. The outcome of this exercise will be factored into the next budget cycle and it is envisaged that additional cost savings will be implemented. Further details relating to contracted services can be seen in Table 63 MBRR SA1 (see page 116).

Other expenditure comprises of various line items relating to the daily operations of the municipality. As mentioned above it includes other materials for repair and maintenance of the municipality's assets. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Growth has been limited to 10.7% for 2016/2017 (repairs and maintenance costs that grows included) and curbed at 2.7% and 7.6% for the two outer years, indicating that significant cost savings have been already realised. Further details relating to other expenditure can be seen in Table 63 MBRR SA1 (see page 116).

The following chart gives a breakdown of the main expenditure categories for the 2016/2017 financial year.

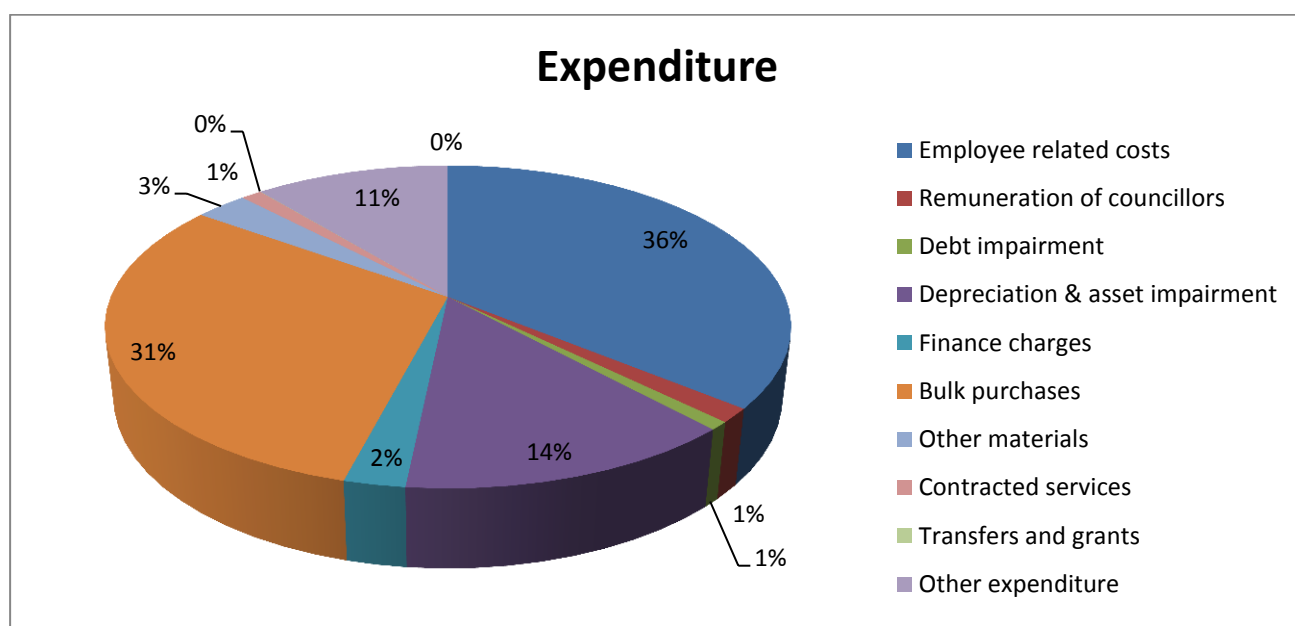


Figure 1 Main operational expenditure categories for the 2016/2017 financial year**1.5.1 Priority given to repairs and maintenance**

Aligned to the priority being given to preserving and maintaining the municipality's current infrastructure, the 2016/2017 budget and MTREF provide for extensive growth in the area of asset maintenance (higher than the inflation rate), as informed by the asset renewal strategy and repairs and maintenance plan of the municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials, vehicle costs and contracted services.

Unfortunately the financial system of the municipality is set up in such a way that these costs cannot be calculated and allocated very easily to the different asset classes. Therefore the following table will only reflect other materials to be procured for repairs and maintenance purposes. The revised Table 14 gives a better picture of the consolidated cost drivers of all the expenditures associated with repairs and maintenance.

Table 14 Operational repairs and maintenance

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
Repairs and Maintenance by Expenditure Item										
Employee related costs										
Other materials	12 636	10 555	9 297	18 758	16 308	16 308	16 308	17 937	17 745	18 810
Contracted Services										
Other Expenditure										
Total Repairs and Maintenance Expenditure	12 636	10 555	9 297	18 758	16 308	16 308	16 308	17 937	17 745	18 810

During the compilation of the 2015/2016 Adjustment Budget operational repairs and maintenance was identified as a strategic imperative owing to the aging of the municipality's infrastructure. To this end, total repairs and maintenance was increased by 10.0% per cent in the 2016/2017 financial year, from R 16.3 million to R 17.9 million. As part of the 2016/2017 MTREF this strategic imperative remains a priority as can be seen by the budget appropriations over the MTREF. The total allocation for 2016/2017 equates

to R 17.9 million a growth of 10.0% in relation to the 2015/2016 Adjustment Budget and continues to grow at 6.0% over the MTREF. Table 15 below provides a breakdown of the repairs and maintenance (only other materials costs) in relation to asset class.

Electricity infrastructure has received a significant proportion of this allocation totaling 16.2% (R 2.9 million), followed water infrastructure at 11.7% (R 2.1 million), sanitation infrastructure at 9.8% (R 1.7 million), roads and storm water infrastructure at 6.6% (R 1.1 million) and other infrastructure at 0.3% (R 61 thousand). Community assets has been allocated R 1.3 million of repairs and maintenance costs equating to 7.3% while all other assets equates to R 8.6 million or 48.1%.

Table 15 Repairs and maintenance per asset class

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1									
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		2 567	2 244	1 724	7 895	6 929	6 929	7 996	7 207	7 640
Infrastructure - Road transport		478	570	497	1 032	972	972	1 177	1 247	1 322
Infrastructure - Electricity		1 387	489	357	3 201	2 792	2 792	2 905	1 811	1 920
Infrastructure - Water		611	844	644	1 980	1 888	1 888	2 099	2 225	2 358
Infrastructure - Sanitation		71	335	221	1 635	1 247	1 247	1 755	1 860	1 971
Infrastructure - Other		20	7	5	48	29	29	61	64	68
Community		418	301	105	1 486	1 234	1 234	1 308	1 386	1 470
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		9 650	8 010	7 468	9 377	8 145	8 145	8 634	9 152	9 701
Agricultural assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Total Repairs and Maintenance Expenditure	1	12 636	10 555	9 297	18 758	16 308	16 308	17 937	17 745	18 810

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the municipality's Indigent Policy. It should be noted that the Indigent Subsidy Policy was reviewed and that changes were made. For more detail on

the policy visit our website at www.kharahais.gov.za . Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement).

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.6 Capital expenditure

The following table provides a breakdown of budgeted single- and multi-year capital expenditure by vote. For 2016/2017 an amount of R 69.8 million has been appropriated for investment in property, plant and equipment. In the outer years this amount totals R 39.7 million and R 32.0 million respectively for each of the financial years. Electro-Mechanical Services receives the highest allocation of R 37.8 million in 2016/2017 which equates to 54.1% of the capital budget.

Table 16 2016/17 Medium-term capital budget per vote

Vote Description R thousand	Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget		Budget Year 2016/17	%	Budget Year +1 2017/18	%	Budget Year +2 2018/19	%
Capital expenditure - Vote								
Multi-year expenditure to be appropriated								
Vote 1 - Municipal Manager	–	0%	–	0%	–	0%	–	0%
Vote 2 - Corporate Services	–	0%	–	0%	–	0%	–	0%
Vote 3 - Financial Services	–	0%	–	0%	–	0%	–	0%
Vote 4 - Community Services	–	0%	–	0%	–	0%	–	0%
Vote 5 - Technical Director	–	0%	–	0%	–	0%	–	0%
Vote 6 - Electro Mech Services	632	1%	–	0%	–	0%	–	0%
Vote 7 - Civil Engineering Services	9 571	19%	–	0%	–	0%	–	0%
Vote 8 - Development and Planning Services	6 182	12%	9 290	13%	20 397	51%	21 470	67%
Capital multi-year expenditure sub-total	16 385	32%	9 290	13%	20 397	51%	21 470	67%
Single-year expenditure to be appropriated								
Vote 1 - Municipal Manager	200	0%	1 500	2%	1 590	4%	1 685	5%
Vote 2 - Corporate Services	2 070	4%	–	0%	–	0%	–	0%
Vote 3 - Financial Services	8	0%	–	0%	–	0%	–	0%
Vote 4 - Community Services	717	1%	–	0%	–	0%	–	0%
Vote 5 - Technical Director	–	0%	–	0%	–	0%	–	0%
Vote 6 - Electro Mech Services	23 929	47%	37 799	54%	17 726	45%	8 919	28%
Vote 7 - Civil Engineering Services	7 566	15%	21 229	30%	–	0%	–	0%
Vote 8 - Development and Planning Services	222	0%	–	0%	–	0%	–	0%
Capital single-year expenditure sub-total	34 713	68%	60 528	60 528	19 316	60 528	10 605	60 528
Total Capital Expenditure - Vote	51 098	100%	69 818	69 818	39 713	69 818	32 075	69 818

Further detail relating to asset classes and proposed capital expenditure is contained in Table 26 MBRR A9 (Asset Management). In addition to the MBRR Table A9, MBRR Tables SA34a, b and c provides a detailed breakdown of the capital programme relating to new asset construction; capital asset renewal as well as operational repairs and maintenance by asset class.

Refer to pages 109 to 114 contain a detail breakdown of the capital budget per project over the medium-term.

1.6.1 Future operational cost of new infrastructure

The future operational costs and revenues associated with the capital programme have been included in Table 61 MBRR SA35 on page 108. This concomitant operational expenditure is expected to escalate as new capital projects are implemented. It needs to be noted that as part of the 2016/2017 MTREF, this expenditure has been factored into the two outer years of the operational budget.

1.7 Annual Budget Tables – Parent Municipality

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2016/2017 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes*.

Explanatory notes to MBRR Table A1 – Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF.
 - b. Capital expenditure is balanced by capital funding sources, of which:
 - Transfers recognised is reflected on the Financial Performance Budget;
 - Borrowing is incorporated in the net cash from financing on the Cash Flow Budget; and
 - Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains

positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.

4. The Cash backing / surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

Table 17 MBRR Table A1 – Budget Summary

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousands										
Financial Performance										
Property rates	48 386	58 865	69 700	75 488	78 693	78 693	78 693	84 201	90 095	96 402
Service charges	266 272	303 245	327 928	355 982	363 653	363 653	363 653	368 044	395 777	425 598
Investment revenue	1 286	1 165	706	600	580	580	580	600	636	674
Transfers recognised - operational	66 750	69 413	67 147	73 268	68 135	68 135	68 135	73 477	67 050	73 451
Other own revenue	32 472	46 777	60 936	87 583	89 114	89 114	89 114	49 433	35 631	37 769
Total Revenue (excluding capital transfers and contributions)	415 166	479 464	526 416	592 920	600 174	600 174	600 174	575 755	589 189	633 894
Employee costs	180 521	199 440	196 438	172 654	204 706	204 706	204 706	219 953	233 179	247 165
Remuneration of councillors	6 804	7 120	7 516	8 540	8 133	8 133	8 133	8 621	9 138	9 686
Depreciation & asset impairment	86 846	84 462	75 367	108 519	108 519	108 519	108 519	82 680	86 814	91 154
Finance charges	14 057	20 542	15 765	13 436	7 706	7 706	7 706	14 978	12 245	11 337
Materials and bulk purchases	135 473	146 931	159 130	193 922	191 472	191 472	191 472	206 825	221 431	238 455
Transfers and grants	25 478	27 210	27 047	21 597	21 490	21 490	21 490	110	117	124
Other expenditure	70 909	62 295	73 694	76 333	65 824	65 824	65 824	79 346	78 414	79 170
Total Expenditure	520 087	548 001	554 957	595 000	607 850	607 850	607 850	612 513	641 338	677 091
Surplus/(Deficit)	(104 921)	(68 537)	(28 541)	(2 080)	(7 676)	(7 676)	(7 676)	(36 758)	(52 149)	(43 196)
Transfers recognised - capital	42 157	52 910	52 205	25 835	27 043	27 043	27 043	31 819	30 660	23 225
Contributions recognised - capital & contributed a	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	(62 764)	(15 626)	23 664	23 755	19 367	19 367	19 367	(4 939)	(21 489)	(19 972)
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	(62 764)	(15 626)	23 664	23 755	19 367	19 367	19 367	(4 939)	(21 489)	(19 972)
Capital expenditure & funds sources										
Capital expenditure	74 710	96 749	71 851	36 251	51 098	51 098	51 098	69 818	39 713	32 075
Transfers recognised - capital	37 878	52 140	52 703	25 835	26 977	26 977	26 977	31 819	30 660	23 225
Public contributions & donations	–	–	–	–	1	1	1	–	–	–
Borrowing	30 072	40 650	–	–	–	–	–	–	–	–
Internally generated funds	6 759	3 959	19 148	10 416	24 120	24 120	24 120	37 998	9 053	8 850
Total sources of capital funds	74 710	96 749	71 851	36 251	51 098	51 098	51 098	69 818	39 713	32 075
Financial position										
Total current assets	81 023	65 886	69 956	64 882	77 596	77 596	77 596	84 392	104 810	139 752
Total non current assets	1 779 743	1 853 598	1 841 344	1 681 675	1 785 415	1 785 415	1 785 415	1 777 548	1 735 743	1 682 282
Total current liabilities	143 682	176 842	163 649	92 237	94 237	94 237	94 237	92 123	88 359	83 116
Total non current liabilities	213 894	207 056	188 400	202 546	190 156	190 156	190 156	196 138	200 004	206 699
Community wealth/Equity	1 503 190	1 535 586	1 559 250	1 451 774	1 578 618	1 578 618	1 578 618	1 573 679	1 552 190	1 532 218
Cash flows										
Net cash from (used) operating	24 690	93 017	74 811	(6 775)	14 486	14 486	14 486	67 106	61 523	67 728
Net cash from (used) investing	(74 056)	(93 394)	(56 876)	23 765	9 841	9 841	9 841	(51 611)	(36 496)	(28 665)
Net cash from (used) financing	56 657	(3 107)	(21 711)	(15 930)	(14 430)	(14 430)	(14 430)	(9 383)	(8 959)	(8 466)
Cash/cash equivalents at the year end	2 362	(1 121)	(4 897)	7 000	5 000	5 000	5 000	11 112	27 180	57 777
Cash backing/surplus reconciliation										
Cash and investments available	2 997	(453)	(4 897)	7 000	5 000	5 000	5 000	11 112	27 180	57 777
Application of cash and investments	31 758	66 043	56 516	(5 881)	(17 751)	(17 751)	(17 751)	(18 612)	(28 200)	(38 285)
Balance - surplus (shortfall)	(28 761)	(66 495)	(61 413)	12 881	22 751	22 751	22 751	29 724	55 380	96 062
Asset management										
Asset register summary (WDV)	1 779 714	1 853 574	1 841 326	1 681 665	1 785 405	1 785 405	1 777 543	1 777 543	1 735 743	1 682 282
Depreciation & asset impairment	86 846	84 462	75 367	108 519	108 519	108 519	82 680	82 680	86 814	91 154
Renewal of Existing Assets	7 043	7 726	149	1 608	13 837	13 837	13 837	22 635	13 019	8 003
Repairs and Maintenance	12 636	10 555	9 297	18 758	16 308	16 308	17 937	17 937	17 745	18 810
Free services										
Cost of Free Basic Services provided	–	–	–	–	–	–	–	–	–	–
Revenue cost of free services provided	2 098	2 054	2 181	7 437	8 245	8 245	8 822	8 822	9 439	10 100
Households below minimum service level										
Water:	0	–	–	–	–	–	–	–	–	–
Sanitation/sew erage:	2	7	4	4	4	4	1	1	–	–
Energy:	2	2	1	0	3	3	2	2	2	2
Refuse:	–	5	6	8	8	8	8	8	8	10

Explanatory notes to MBRR Table A2 – Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity, but not for Water, Waste Water Management and Waste Management functions. This deficit shown on the above mentioned functions is non-cash deficits as the depreciation cost are included in the deficit. This is a result of the implementation of GRAP 17 – as detailed discussed on page 21.
4. Other functions that show a deficit between revenue and expenditure are being financed through the trading services profit, from rates revenues and other revenue sources reflected in the table.

Table 18 MBRR Table A2 – Budgeted Financial Performance
(Revenue and expenditure by standard classification)

Standard Classification Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1									
Revenue - Standard										
<i>Governance and administration</i>		150 834	201 647	220 800	234 353	233 634	233 634	201 093	192 459	205 343
Executive and council	2	6 913	12 635	220	170	170	150	159	169	
Budget and treasury office	149 223	190 535	204 653	171 499	170 713	170 713	179 868	186 040	198 539	
Corporate services	1 609	4 199	3 512	62 634	62 750	62 750	21 075	6 260	6 635	
<i>Community and public safety</i>		37 169	19 296	22 259	17 383	22 090	22 090	23 324	21 952	18 584
Community and social services	795	891	2 842	2 440	2 411	2 411	2 384	2 554	2 703	
Sport and recreation	21 231	4 506	8 669	7 656	10 840	10 840	12 587	11 247	7 244	
Public safety	6 980	6 531	9 179	6 018	7 473	7 473	6 236	6 610	7 007	
Housing	6 855	6 151	1 250	1 250	1 312	1 312	650	-	-	
Health	1 308	1 216	319	18	53	53	1 467	1 540	1 630	
<i>Economic and environmental services</i>		1 857	5 431	6 663	5 441	7 309	7 309	14 538	9 050	6 946
Planning and development	1 689	5 225	6 374	5 181	7 044	7 044	5 828	5 100	6 630	
Road transport	168	206	288	260	265	265	8 710	3 950	316	
<i>Trading services</i>		267 463	306 001	328 898	361 578	364 184	364 184	368 619	396 387	426 245
Electricity	179 086	205 003	220 755	253 016	253 499	253 499	268 214	288 773	310 907	
Water	39 771	46 756	47 340	48 714	48 428	48 428	51 238	54 830	58 674	
Waste water management	25 348	27 885	30 926	30 739	33 127	33 127	27 024	29 001	31 120	
Waste management	23 257	26 357	29 877	29 108	29 130	29 130	22 144	23 784	25 544	
<i>Other</i>	4	0	0	1	1	1	1	1	1	1
Total Revenue - Standard	2	457 323	532 375	578 621	618 756	627 217	627 217	607 574	619 849	657 119
Expenditure - Standard										
<i>Governance and administration</i>		134 434	134 510	148 173	116 433	122 830	122 830	112 709	119 203	126 245
Executive and council	29 610	28 398	28 935	37 234	26 091	26 091	32 275	34 211	36 263	
Budget and treasury office	51 492	57 466	68 113	43 820	53 393	53 393	30 891	32 742	34 704	
Corporate services	53 332	48 645	51 125	35 379	43 345	43 345	49 543	52 249	55 278	
<i>Community and public safety</i>		76 164	75 679	66 607	74 121	76 588	76 588	72 866	77 210	81 750
Community and social services	8 140	8 354	7 180	7 938	7 293	7 293	9 425	10 013	10 604	
Sport and recreation	30 646	33 065	29 172	35 929	36 464	36 464	32 902	34 837	36 856	
Public safety	22 447	22 509	22 162	21 930	25 623	25 623	25 958	27 508	29 150	
Housing	9 933	7 238	4 081	3 781	3 353	3 353	3 409	3 613	3 829	
Health	4 998	4 512	4 012	4 541	3 856	3 856	1 172	1 239	1 310	
<i>Economic and environmental services</i>		50 718	51 075	49 533	75 686	77 626	77 626	68 567	65 996	65 391
Planning and development	11 694	11 661	13 315	13 347	14 322	14 322	17 458	18 031	18 994	
Road transport	39 024	39 414	36 218	62 339	63 304	63 304	51 109	47 965	46 397	
<i>Trading services</i>		257 079	285 247	289 170	327 174	329 321	329 321	356 552	377 001	401 661
Electricity	160 639	175 284	187 233	216 378	214 421	214 421	231 428	246 270	263 891	
Water	41 775	52 724	48 005	49 248	51 282	51 282	57 234	59 352	62 326	
Waste water management	27 097	30 783	29 942	32 999	36 090	36 090	37 976	39 684	41 860	
Waste management	27 568	26 456	23 990	28 549	27 528	27 528	29 913	31 696	33 584	
<i>Other</i>	4	1 693	1 491	1 473	1 586	1 484	1 484	1 819	1 928	2 044
Total Expenditure - Standard	3	520 087	548 001	554 957	595 000	607 850	607 850	612 513	641 338	677 091
Surplus/(Deficit) for the year		(62 764)	(15 626)	23 664	23 755	19 367	19 367	(4 939)	(21 489)	(19 972)

Explanatory notes to MBRR Table A3 – Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the municipality. This means it is possible to present the operating surplus or deficit of a vote.

The following table is an analysis of the surplus or deficit for the electricity and water trading services.

1. The electricity trading surplus is sustained over the 2016/2017 MTREF around 21.2%-21.5% from 2016/2017 to 2018/2019. This is primarily as a result of the high increases in Eskom bulk purchases and the tariff setting policy of the municipality and NERSA to buffer the impact of these increases on individual consumers.
2. The surplus on the water account remains relatively constant over the MTREF translating into a surplus of 21.2%, 24.1% and 25.5% for each of the respective financial years.
3. Note that the surpluses on these trading accounts are accounted for as an internal funding source for the capital programme for asset renewal, refurbishment and the development of new asset infrastructure, *and to cross-subsidise other municipal services.*

**Table 19 MBRR Table A3 – Budgeted Financial Performance
(Revenue and expenditure by municipal vote)**

Vote Description R thousand	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue by Vote	1									
Vote 1 - Municipal Manager		48 435	65 770	12 636	220	170	170	150	159	169
Vote 2 - Corporate Services		1 623	4 207	3 506	62 633	62 698	62 698	21 065	6 249	6 624
Vote 3 - Financial Services		100 837	131 676	204 653	171 499	170 713	170 713	179 868	186 040	198 539
Vote 4 - Community Services		32 614	33 994	43 193	38 584	40 132	40 132	33 363	35 688	38 156
Vote 5 - Technical Director		-	-	-	-	-	-	-	-	-
Vote 6 - Electro Mech Services		195 205	205 014	223 581	253 017	258 815	258 815	274 354	293 187	310 907
Vote 7 - Civil Engineering Services		66 199	75 705	78 554	79 713	81 820	81 820	86 972	87 780	90 110
Vote 8 - Development and Planning Services		12 410	16 009	12 498	13 090	12 869	12 869	11 803	10 745	12 614
Total Revenue by Vote	2	457 323	532 375	578 621	618 756	627 217	627 217	607 574	619 849	657 119
Expenditure by Vote to be appropriated	1									
Vote 1 - Municipal Manager		29 629	28 416	28 935	31 976	26 091	26 091	32 275	34 211	36 263
Vote 2 - Corporate Services		33 471	29 258	30 618	23 029	24 773	24 773	30 560	32 326	34 196
Vote 3 - Financial Services		51 492	57 466	68 113	43 820	53 393	53 393	30 891	32 742	34 704
Vote 4 - Community Services		100 540	103 563	94 588	105 572	109 427	109 427	109 892	116 448	123 361
Vote 5 - Technical Director		-	-	-	-	-	-	-	-	-
Vote 6 - Electro Mech Services		165 885	178 776	194 178	222 065	218 205	218 205	234 585	249 321	267 060
Vote 7 - Civil Engineering Services		112 163	127 354	119 387	148 987	154 117	154 117	151 506	152 485	156 381
Vote 8 - Development and Planning Services		26 909	23 167	19 138	19 552	21 844	21 844	22 804	23 805	25 124
Total Expenditure by Vote	2	520 087	548 001	554 957	595 000	607 850	607 850	612 513	641 338	677 091
Surplus/(Deficit) for the year	2	(62 764)	(15 626)	23 664	23 755	19 367	19 367	(4 939)	(21 489)	(19 972)

Table 20 Surplus/(Deficit) calculations for the trading services

Description / R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Electricity									
Total Revenue (Excluding capital)	179 086	205 003	220 755	252 708	253 499	253 499	272 878	293 717	316 148
Operating Expenditure (excluding depreciation)	145 783	159 457	172 330	203 697	196 785	196 785	215 035	230 325	247 162
Surplus/(Deficit) for the year	33 303	45 546	48 425	49 012	56 714	56 714	57 843	63 392	68 987
Percentage Surplus	18.6%	22.2%	21.9%	19.4%	22.4%	22.4%	21.2%	21.6%	21.8%
Water									
Total Revenue (Excluding capital)	39 771	46 756	47 340	48 714	48 428	48 428	51 794	55 420	59 299
Operating Expenditure (excluding depreciation)	26 607	31 000	33 056	33 730	35 764	35 764	40 791	42 086	44 197
Surplus/(Deficit) for the year	13 164	15 757	14 284	14 985	12 664	12 664	11 003	13 333	15 102
Percentage Surplus	33.1%	33.7%	30.2%	30.8%	26.2%	26.2%	21.2%	24.1%	25.5%

Explanatory notes to Table A4 – Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R 575.7 million in 2016/2017 and escalates to R 633.9 million by 2018/2019. This represents a year-on-year increase of 2.3% for the 2017/2018 financial year and 7.6% for the 2018/2019 financial year.
2. Revenue to be generated from property rates is R 84.2 million in the 2016/2017 financial year and increases to R 96.4 million by 2018/2019 which represents 14.6% of the operating revenue base of the municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at $\pm 7.0\%$ for each of the respective financial years of the MTREF.
3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the municipality totalling R 368.0 million for the 2016/2017 financial year and increasing to R 425.6 million by 2018/2019. For the 2016/2017 financial year services charges amount to 63.9% of the total revenue base and grows to 67.1% by 2018/2019. This growth can mainly be attributed to the increase in the bulk prices of electricity and water.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. Operating grants and transfers totals R 73.4 million in the 2016/2017 financial year, decreases to R67.0 million for 2017/2018 and increases to R 73.4 million for 2018/2019. Note that the year-on-year growth for the 2016/2017 financial year is 7.8% and -8.7% and 9.5% for the two outer years. The reason for this is that //Khara Hais Municipality and Mier Municipality are in the process of being amalgamated in August 2016. Therefore uncertainty exists regarding the grant and transfer income for both individual municipalities. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 21 MBRR Table A4 – Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1										
Revenue By Source											
Property rates	2	48 386	58 865	69 700	75 488	78 693	78 693	78 693	84 201	90 095	96 402
Service charges - electricity revenue	2	178 815	204 714	220 448	247 425	253 027	253 027	253 027	267 694	288 222	310 323
Service charges - water revenue	2	39 027	44 475	47 326	48 709	48 401	48 401	48 401	51 232	54 824	58 668
Service charges - sanitation revenue	2	25 249	27 782	30 487	30 739	33 127	33 127	33 127	26 974	28 947	31 063
Service charges - refuse revenue	2	23 181	26 274	29 667	29 108	29 098	29 098	29 098	22 144	23 784	25 544
Rental of facilities and equipment		6 273	8 124	8 599	9 531	7 467	7 467	7 467	8 538	9 050	9 594
Interest earned - external investments		1 286	1 165	706	600	580	580	580	600	636	674
Interest earned - outstanding debtors		1 779	1 997	2 477	2 400	3 000	3 000	3 000	3 000	3 180	3 371
Fines		1 313	873	3 090	431	521	521	521	541	574	608
Licences and permits		1 681	1 642	1 665	1 612	1 523	1 523	1 523	1 583	1 678	1 779
Agency services		3 198	3 458	3 706	3 450	3 450	3 450	3 450	4 307	3 876	4 109
Transfers recognised - operational		66 750	69 413	67 147	73 268	68 135	68 135	68 135	73 477	67 050	73 451
Other revenue	2	17 109	27 640	41 399	10 149	12 221	12 221	12 221	13 264	14 060	14 904
Gains on disposal of PPE		1 120	3 044	–	60 010	60 932	60 932	60 932	18 200	3 212	3 405
Total Revenue (excluding capital transfers and contributions)		415 166	479 464	526 416	592 920	600 174	600 174	600 174	575 755	589 189	633 894
Expenditure By Type											
Employee related costs	2	180 521	199 440	196 438	172 654	204 706	204 706	204 706	219 953	233 179	247 165
Remuneration of councillors		6 804	7 120	7 516	8 540	8 133	8 133	8 133	8 621	9 138	9 686
Debt impairment	3	6 401	241	7 597	2 000	5 000	5 000	5 000	5 000	5 300	5 618
Depreciation & asset impairment	2	86 846	84 462	75 367	108 519	108 519	108 519	108 519	82 680	86 814	91 154
Finance charges		14 057	20 542	15 765	13 436	7 706	7 706	7 706	14 978	12 245	11 337
Bulk purchases	2	122 837	136 376	149 833	175 164	175 164	175 164	175 164	188 887	203 686	219 645
Other materials	8	12 636	10 555	9 297	18 758	16 308	16 308	16 308	17 937	17 745	18 810
Contracted services		15 962	15 984	9 137	12 413	8 748	8 748	8 748	7 169	7 170	7 589
Transfers and grants		25 478	27 210	27 047	21 597	21 490	21 490	21 490	110	117	124
Other expenditure	4, 5	48 546	46 071	47 503	61 920	52 076	52 076	52 076	67 178	65 944	65 963
Loss on disposal of PPE		–	–	9 456	–	–	–	–	–	–	–
Total Expenditure		520 087.439	548 001	554 957	595 000	607 850	607 850	607 850	612 513	641 338	677 091
Surplus/(Deficit)		(104 921)	(68 537)	(28 541)	(2 080)	(7 676)	(7 676)	(7 676)	(36 758)	(52 149)	(43 196)
Transfers recognised - capital		42 157	52 910	52 205	25 835	27 043	27 043	27 043	31 819	30 660	23 225
Surplus/(Deficit) after capital transfers & contributions		(62 764)	(15 626)	23 664	23 755	19 367	19 367	19 367	(4 939)	(21 489)	(19 972)
Taxation		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after taxation		(62 764)	(15 626)	23 664	23 755	19 367	19 367	19 367	(4 939)	(21 489)	(19 972)
Attributable to minorities		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality		(62 764)	(15 626)	23 664	23 755	19 367	19 367	19 367	(4 939)	(21 489)	(19 972)
Share of surplus/ (deficit) of associate	7	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year		(62 764)	(15 626)	23 664	23 755	19 367	19 367	19 367	(4 939)	(21 489)	(19 972)

Explanatory notes to Table A5 – Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 below is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for the 2016/2017 financial year R 9.2 million has been allocated of the total R 69.8 million capital budget, which totals 13.3%. This allocation increases to R 20.3 million in 2017/2018 and then increases to R 21.4 million in 2018/2019 owing primarily to the fact that various projects reach completion in 2016/2017 hence the spike in expenditure in year two.
3. Single-year capital expenditure has been appropriated at R 60.5 million for the 2016/2017 financial year and decreases over the MTREF at levels of R 19.3 million and R 10.6 million respectively for the two outer years.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialised tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
5. The capital programme is funded from capital and provincial grants and transfers, public contributions and donations and internally generated funds from current year surpluses. For 2016/2017, capital transfers totals R 31.8 million (45.6%) and

decrease to R30.6 million (77.2%) for 2017/2018 and then decreases to R 23.2 million (72.4%) for 2018/2019.

Table 22 MBRR Table A5 – Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Municipal Manager		277	719	-	-	-	-	-	-	-	-
Vote 2 - Corporate Services		5 989	966	-	-	-	-	-	-	-	-
Vote 3 - Financial Services		-	-	-	-	-	-	-	-	-	-
Vote 4 - Community Services		78	1 042	38	16 318	-	-	-	-	-	-
Vote 5 - Technical Director		-	-	-	-	-	-	-	-	-	-
Vote 6 - Electro Mech Services		3 085	2 428	439	50	632	632	632	-	-	-
Vote 7 - Civil Engineering Services		6 375	57 010	30 383	2 499	9 571	9 571	9 571	-	-	-
Vote 8 - Development and Planning Services		-	-	-	-	6 182	6 182	6 182	9 290	20 397	21 470
Capital multi-year expenditure sub-total	7	15 805	62 165	30 860	18 868	16 385	16 385	16 385	9 290	20 397	21 470
Single-year expenditure to be appropriated	2										
Vote 1 - Municipal Manager		760	38	11	1 500	200	200	200	1 500	1 590	1 685
Vote 2 - Corporate Services		886	71	343	800	2 070	2 070	2 070	-	-	-
Vote 3 - Financial Services		44	124	87	500	8	8	8	-	-	-
Vote 4 - Community Services		14 489	11 630	4 043	-	717	717	717	-	-	-
Vote 5 - Technical Director		-	-	-	-	-	-	-	-	-	-
Vote 6 - Electro Mech Services		25 781	16 406	10 713	13 616	23 929	23 929	23 929	37 799	17 726	8 919
Vote 7 - Civil Engineering Services		16 923	6 293	22 085	968	7 566	7 566	7 566	21 229	-	-
Vote 8 - Development and Planning Services		22	22	3 708	-	222	222	222	-	-	-
Capital single-year expenditure sub-total		58 906	34 584	40 991	17 384	34 713	34 713	34 713	60 528	19 316	10 605
Total Capital Expenditure - Vote		74 710	96 749	71 851	36 251	51 098	51 098	51 098	69 818	39 713	32 075
Capital Expenditure - Standard											
Governance and administration		15 146	7 160	992	3 100	9 129	9 129	9 129	22 552	12 969	7 953
Executive and council		1 036	757	11	1 500	6 035	6 035	6 035	7 614	5 976	1 685
Budget and treasury office		44	124	89	500	8	8	8	-	-	-
Corporate services		14 066	6 279	892	1 100	3 085	3 085	3 085	14 938	6 993	6 268
Community and public safety		14 553	10 158	4 086	16 318	800	800	800	-	-	-
Community and social services		2 586	6	49	-	17	17	17	-	-	-
Sport and recreation		11 825	10 132	4 008	16 318	711	711	711	-	-	-
Public safety		142	20	29	-	72	72	72	-	-	-
Economic and environmental services		20 956	28 375	19 249	1 725	6 418	6 418	6 418	9 290	20 397	21 470
Planning and development		94	21	3 677	-	6 320	6 320	6 320	9 290	20 397	21 470
Road transport		20 862	28 354	15 572	1 725	98	98	98	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		24 054	51 056	47 524	15 108	34 752	34 752	34 752	37 976	6 347	2 651
Electricity		21 688	13 591	10 603	13 366	17 711	17 711	17 711	16 747	6 347	2 651
Water		1 800	25 434	24 400	1 743	15 275	15 275	15 275	6 877	-	-
Waste water management		551	9 516	12 493	-	1 765	1 765	1 765	14 352	-	-
Waste management		16	2 515	27	-	1	1	1	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	3	74 710	96 749	71 851	36 251	51 098	51 098	51 098	69 818	39 713	32 075
Funded by:											
National Government		23 342	45 454	28 520	25 835	20 996	20 996	20 996	28 311	30 660	23 225
Provincial Government		177	6 120	18 626	-	5 391	5 391	5 391	3 509	-	-
Other transfers and grants		14 359	565	5 558	-	590	590	590	-	-	-
Transfers recognised - capital	4	37 878	52 140	52 703	25 835	26 977	26 977	26 977	31 819	30 660	23 225
Public contributions & donations	5	-	-	-	-	1	1	1	-	-	-
Borrowing	6	30 072	40 650	-	-	-	-	-	-	-	-
Internally generated funds		6 759	3 959	19 148	10 416	24 120	24 120	24 120	37 998	9 053	8 850
Total Capital Funding	7	74 710	96 749	71 851	36 251	51 098	51 098	51 098	69 818	39 713	32 075

Explanatory notes to Table A6 – Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councillors, management and other users of budget documentation of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table 65 is supported by an extensive table of notes (SA3 which can be found on page 120) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning

assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the Statement of Financial Position.

Table 23 MBRR Table A6 – Budgeted Financial Position

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
ASSETS											
Current assets											
Cash		18 717	2 872	1 442	9 000	9 000	9 000	9 000	14 112	29 180	58 777
Call investment deposits	1	635	669	–	–	–	–	–	–	–	–
Consumer debtors	1	45 793	50 395	59 781	42 375	55 090	55 090	55 090	56 425	61 425	66 425
Other debtors		9 821	6 172	3 126	7 000	7 000	7 000	7 000	7 200	7 400	7 600
Current portion of long-term receivables		6	4	5	6	6	6	6	5	5	–
Inventory	2	6 051	5 775	5 602	6 500	6 500	6 500	6 500	6 650	6 800	6 950
Total current assets		81 023	65 886	69 956	64 882	77 596	77 596	77 596	84 392	104 810	139 752
Non current assets											
Long-term receivables		29	24	18	10	10	10	10	5	–	–
Investment property		197 430	221 085	217 638	212 473	219 138	219 138	219 138	224 138	229 438	235 056
Property, plant and equipment	3	1 581 029	1 628 970	1 620 316	1 468 885	1 562 895	1 562 895	1 562 895	1 550 033	1 502 932	1 443 853
Intangible		1 255	3 519	3 372	307	3 372	3 372	3 372	3 372	3 372	3 372
Total non current assets		1 779 743	1 853 598	1 841 344	1 681 675	1 785 415	1 785 415	1 785 415	1 777 548	1 735 743	1 682 282
TOTAL ASSETS		1 860 766	1 919 485	1 911 300	1 746 557	1 863 011	1 863 011	1 863 011	1 861 940	1 840 553	1 822 034
LIABILITIES											
Current liabilities											
Bank overdraft	1	16 354	3 993	6 339	2 000	4 000	4 000	4 000	3 000	2 000	1 000
Borrowing	4	15 920	23 229	17 060	10 837	10 837	10 837	10 837	8 473	9 459	8 966
Consumer deposits		7 404	8 112	9 000	11 000	11 000	11 000	11 000	11 500	12 000	12 500
Trade and other payables	4	100 128	136 076	126 620	59 400	59 400	59 400	59 400	59 400	54 400	49 400
Provisions		3 876	5 432	4 631	9 000	9 000	9 000	9 000	9 750	10 500	11 250
Total current liabilities		143 682	176 842	163 649	92 237	94 237	94 237	94 237	92 123	88 359	83 116
Non current liabilities											
Borrowing		133 563	122 438	106 009	94 720	95 802	95 802	95 802	88 283	77 840	69 366
Provisions		80 331	84 617	82 391	107 826	94 354	94 354	94 354	107 854	122 164	137 333
Total non current liabilities		213 894	207 056	188 400	202 546	190 156	190 156	190 156	196 138	200 004	206 699
TOTAL LIABILITIES		357 576	383 898	352 050	294 783	284 394	284 394	284 394	288 261	288 363	289 815
NET ASSETS	5	1 503 190	1 535 586	1 559 250	1 451 774	1 578 618	1 578 618	1 578 618	1 573 679	1 552 190	1 532 218
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		1 503 190	1 535 586	1 559 250	1 451 774	1 578 618	1 578 618	1 578 618	1 573 679	1 552 190	1 532 218
Reserves	4	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	5	1 503 190	1 535 586	1 559 250	1 451 774	1 578 618	1 578 618	1 578 618	1 573 679	1 552 190	1 532 218

Explanatory notes to Table A7 – Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash levels of the municipality fell significantly over the 2012/2013 to 2014/2015 period owing directly to a net increase / decrease in cash for the 2013/2014 and 2014/2015 financial years of R 3.4 million and R 3.7 million respectively. The 2015/2016 financial year project a net increase of R 9.8 million with an overall projected positive cash position of R 5.0 million. This amount includes unspent conditional grants.
4. The 2016/2017 MTREF provide for a net increase in cash of R 6.1 million for the 2016/2017 financial year resulting in an overall projected positive cash position of R 11.1 million at year end.
5. As part of the 2015/2016 mid-year review and Adjustments Budget this unsustainable cash position had to be addressed as a matter of urgency and various interventions were implemented such as the reduction of expenditure allocations, rationalization of spending priorities and implementation of a turnaround strategy.
6. In addition the municipality has undertaken an extensive debt collection drive resulting in cash receipts on arrear debtors.
7. The 2016/2017 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
8. Cash and cash equivalents totals project R 11.1 million as at the end of the 2016/2017 financial year and escalate to a projected R 57.8 million by 2018/2019.

Table 24 MBRR Table A7 – Budgeted Cash Flow Statement

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges		43 730	49 614	64 055	75 488	73 612	73 612	73 612	77 516	79 445	85 434
Service charges		262 552	303 245	327 928	355 982	363 653	363 653	363 653	368 044	395 777	425 598
Other revenue		19 961	19 011		23 673	23 682	23 682	23 682	23 233	23 939	25 375
Government - operating	1	66 750	69 413	67 147	73 268	68 135	68 135	68 135	73 477	67 050	73 451
Government - capital	1	42 157	52 910	52 205	25 835	27 043	27 043	27 043	31 819	30 660	23 225
Interest		3 064	3 161	3 182	3 000	3 580	3 580	3 580	3 600	3 816	4 045
Payments											
Suppliers and employees		(373 990)	(356 585)	(396 893)	(528 988)	(516 023)	(516 023)	(516 023)	(495 495)	(526 802)	(557 940)
Finance charges		(14 057)	(20 542)	(27 047)	(13 436)	(7 706)	(7 706)	(7 706)	(14 978)	(12 245)	(11 337)
Transfers and Grants	1	(25 478)	(27 210)	(15 765)	(21 597)	(21 490)	(21 490)	(21 490)	(110)	(117)	(124)
NET CASH FROM/(USED) OPERATING ACTIVITIES		24 690	93 017	74 811	(6 775)	14 486	14 486	14 486	67 106	61 523	67 728
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		1 120	3 044	14 301	60 010	60 932	60 932	60 932	18 200	3 212	3 405
Decrease (increase) other non-current receivables		(14)	7	5	6	7	7	7	6	5	5
Decrease (increase) in non-current investments		(635)	(34)	669	-	-	-	-	-	-	-
Payments											
Capital assets		(74 527)	(96 411)	(71 851)	(36 251)	(51 098)	(51 098)	(51 098)	(69 818)	(39 713)	(32 075)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(74 056)	(93 394)	(56 876)	23 765	9 841	9 841	9 841	(51 611)	(36 496)	(28 665)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Borrowing long term/refinancing		65 624	8 540	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		1 265	708	888	500	2 000	2 000	2 000	500	500	500
Payments											
Repayment of borrowing		(10 232)	(12 355)	(22 598)	(16 430)	(16 430)	(16 430)	(16 430)	(9 883)	(9 459)	(8 966)
NET CASH FROM/(USED) FINANCING ACTIVITIES		56 657	(3 107)	(21 711)	(15 930)	(14 430)	(14 430)	(14 430)	(9 383)	(8 959)	(8 466)
NET INCREASE/ (DECREASE) IN CASH HELD		7 291	(3 484)	(3 776)	1 060	9 897	9 897	9 897	6 112	16 068	30 597
Cash/cash equivalents at the year begin:	2	(4 929)	2 363	(1 121)	5 940	(4 897)	(4 897)	(4 897)	5 000	11 112	27 180
Cash/cash equivalents at the year end:	2	2 362	(1 121)	(4 897)	7 000	5 000	5 000	5 000	11 112	27 180	57 777

Explanatory notes to Table A8 – Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves / accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. The main reason for these "unfunded" projections were a lack of cash due to government not honouring their service charges, outstanding debt, moratorium on handover of consumer debtors, unspent grants not being cash backed for previous financial years, the roll-over of capital projects that is ongoing for more than a year which is being funded from external loans and own funds, housing programme claims not paid out by provincial government and unfunded mandates for Primary Health Care Services, Environmental Services, Library Services, Disaster Management, etc. Based on Circular 74 (Unfunded Mandates) the municipality has identified certain functions, which is not the core function of the municipality and is jeopardizing our financial situation. An item was tabled to Council and discussions and decisions will determine these function(s) will dispose or rented out. The municipality will be unable to raise external loans until the shortfall on A8 is R 0. Therefore Council has approved a Municipal Turn Around Strategy (MTAS) to ensure that our current financial situation approves during the MTREF.

6. Considering the requirements of section 18 of the MFMA, it can be concluded that the final 2016/2017 MTREF was funded. This was confirmed by Provincial Treasury assessment on the 2016-2017 Draft budget.
7. As part of the budgeting and planning guidelines that informed the compilation of the 2016/2017 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

Table 25 MBRR Table A8 – Cash Backed Reserves/Accumulated Surplus Reconciliation

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	2 362	(1 121)	(4 897)	7 000	5 000	5 000	5 000	11 112	27 180	57 777
Other current investments > 90 days		635	669	0	0	(0)	(0)	(0)	(0)	(0)	(0)
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–
Cash and investments available:		2 997	(453)	(4 897)	7 000	5 000	5 000	5 000	11 112	27 180	57 777
Application of cash and investments											
Unspent conditional transfers		37 174	36 087	5 675	–	–	–	–	–	–	–
Unspent borrowing		–	–	–	–	–	–	–	–	–	–
Statutory requirements	2	10 138	–	–	8 500	8 500	8 500	8 500	8 500	8 500	8 500
Other working capital requirements	3	(15 553)	29 956	50 840	(14 381)	(26 251)	(26 251)	(26 251)	(27 112)	(36 700)	(46 785)
Total Application of cash and investments:		31 758	66 043	56 516	(5 881)	(17 751)	(17 751)	(17 751)	(18 612)	(28 200)	(38 285)
Surplus(shortfall)		(28 761)	(66 495)	(61 413)	12 881	22 751	22 751	22 751	29 724	55 380	96 062

Explanatory notes to Table A9 – Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. This is however impossible to budget for repairs and maintenance of 8% as this would equate to R 145.6 million. This expenditure will have to be funded with tariff increases, resulting in tariffs increases of higher than 25%. Therefore the implication of the revaluation method of GRAP 17 is taken into consideration when determining the budgeted amounts for repairs and maintenance.
3. Depreciation and asset impairment costs (off-setting depreciation included) due to the implementation of the GRAP Accounting Standards on the carrying values of

componentised assets makes it virtually unaffordable to maintain the municipality's assets at depreciated replacement cost.

Table 26 MBRR Table A9 – Asset Management

Description		Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
CAPITAL EXPENDITURE											
Total New Assets		1	68 767	89 023	71 701 793	34 644	37 261	37 261	47 183	26 694	24 072
Infrastructure - Road transport			14 347	22 485	16 493 689	1 725	1 822	1 822	171	18 883	-
Infrastructure - Electricity			21 714	13 591	10 598 759	11 758	12 357	12 357	16 697	6 297	2 601
Infrastructure - Water			2 362	25 058	25 001 960	1 652	10 842	10 842	5 877	1 001	3 730
Infrastructure - Sanitation			472	9 247	10 746 542	-	570	570	13 769	-	17 741
Infrastructure - Other			-	2 515	1 062 060	500	-	-	-	-	-
Infrastructure			38 896	72 897	63 903 010	15 635	25 592	25 592	36 514	26 181	24 072
Community			11 922	9 889	6 508 052	16 318	4 273	4 273	9 119	513	-
Other assets		6	17 490	6 238	1 207 330	2 691	7 396	7 396	1 550	-	-
Intangibles			460	-	83 401	-	-	-	-	-	-
Total Renewal of Existing Assets		2	7 043	7 726	149 403	1 608	13 837	13 837	22 635	13 019	8 003
Infrastructure - Road transport			6 454	5 866	-178 013	-	60	60	-	-	-
Infrastructure - Electricity			-	-	-	1 608	11 189	11 189	6 164	4 436	50
Infrastructure - Water			327	227	-	-	-	-	-	-	-
Infrastructure - Sanitation			78	266	304 934	-	1 195	1 195	583	-	-
Infrastructure			6 859	6 359	126 921	1 608	12 444	12 444	6 747	4 436	50
Community			-	25	-	-	-	-	-	-	-
Other assets		6	184	1 342	22 482	-	1 394	1 394	15 888	8 583	7 953
Total Capital Expenditure		4									
Infrastructure - Road transport			20 800	28 351	16 315 676	1 725	1 882	1 882	171	18 883	-
Infrastructure - Electricity			21 714	13 591	10 598 759	13 366	23 546	23 546	22 861	10 733	2 651
Infrastructure - Water			1 590	25 286	25 001 960	1 652	10 842	10 842	5 877	1 001	3 730
Infrastructure - Sanitation			551	9 513	11 051 476	-	1 765	1 765	14 352	-	17 741
Infrastructure - Other			-	2 515	1 062 060	500	-	-	-	-	-
Infrastructure			44 655	79 256	64 029 931	17 242	38 035	38 035	43 261	30 617	24 122
Community			11 922	9 914	6 508 052	16 318	4 273	4 273	9 119	513	-
Other assets			17 673	7 579	1 229 812	2 691	8 790	8 790	17 438	8 583	7 953
Intangibles			460	-	83 401	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class		2	74 710	96 749	71 851 196	36 251	51 098	51 098	69 818	39 713	32 075
ASSET REGISTER SUMMARY - PPE (WDV)		5									
Infrastructure - Road transport			499 253	505 020	494 732 205	428 225	448 480	448 480	423 299	415 562	387 611
Infrastructure - Electricity			300 734	298 560	293 939 532	285 618	299 849	299 849	306 317	299 838	284 415
Infrastructure - Water			391 934	395 541	405 247 073	400 288	400 571	400 571	390 004	373 739	359 339
Infrastructure - Sanitation			113 573	114 529	119 802 045	97 561	114 126	114 126	122 758	116 751	128 185
Infrastructure - Other			7 925	9 203	7 792 871	6 335	7 132	7 132	5 877	4 560	3 177
Infrastructure			1 313 420	1 322 852	1 321 513 726	1 218 027	1 270 159	1 270 159	1 248 255	1 210 449	1 162 727
Community			62 436	67 453	70 388 654	67 314	64 331	64 331	68 076	62 946	57 021
Heritage assets			4 273	4 309	4 309 000	4 273	4 309	4 309	4 309	4 309	4 309
Investment properties			197 430	221 085	217 637 918	212 473	219 138	219 138	224 138	229 438	235 056
Other assets			200 901	234 356	224 104 467	179 272	224 096	224 096	229 393	225 228	219 796
Intangibles			1 255	3 519	3 372 322	307	3 372	3 372	3 372	3 372	3 372
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)		5	1 779 714	1 853 574	1 841 326 087	1 681 665	1 785 405	1 785 405	1 777 543	1 735 743	1 682 282
EXPENDITURE OTHER ITEMS											
Depreciation & asset impairment			86 846	84 462	75 367 343	108 519	108 519	108 519	82 680	86 814	91 154
Repairs and Maintenance by Asset Class		3	12 636	10 555	9 297 229	18 758	16 308	16 308	17 937	17 745	18 810
Infrastructure - Road transport			478	570	497 219	1 032	972	972	1 177	1 247	1 322
Infrastructure - Electricity			1 387	489	356 606	3 201	2 792	2 792	2 905	1 811	1 920
Infrastructure - Water			611	844	644 102	1 980	1 888	1 888	2 099	2 225	2 358
Infrastructure - Sanitation			71	335	221 040	1 635	1 247	1 247	1 755	1 860	1 971
Infrastructure - Other			20	7	4 797	49	29	29	61	64	68
Infrastructure			2 567	2 244	1 723 764	7 896	6 929	6 929	7 996	7 207	7 640
Community			418	301	105 199	1 486	1 234	1 234	1 308	1 386	1 470
Other assets		6, 7	9 650	8 010	7 468 266	9 376	8 145	8 145	8 634	9 152	9 701
TOTAL EXPENDITURE OTHER ITEMS			99 482	95 018	84 664 572	127 277	124 828	124 828	100 617	104 559	109 964
Renewal of Existing Assets as % of total capex			9.4%	8.0%	0.2%	4.4%	27.1%	27.1%	32.4%	32.8%	25.0%
Renewal of Existing Assets as % of deprecn"			8.1%	9.1%	0.2%	1.5%	12.8%	12.8%	27.4%	15.0%	8.8%
R&M as a % of PPE			0.8%	0.6%	0.6%	1.3%	0.9%	0.9%	1.2%	1.2%	1.3%
Renewal and R&M as a % of PPE			1.0%	1.0%	1.0%	1.0%	1.7%	1.7%	2.0%	2.0%	2.0%

Explanatory notes to Table A10 – Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The municipality continues to make good progress with the eradication of backlogs:
 - a. The minimum level of water services is available to all households – formal as well as informal areas.
 - b. Sanitation services backlogs decreases to the projected 0 households in 2018/2019 who receive a service below the minimum service level. This is due to the Bucket Eradication Programme which is funded from an in-kind grant allocation to DWA. This programme will eradicate over 2 000 bucket toilets.
 - c. Electricity services backlogs will be reduced to an estimated 0 households by 2018/2019. Although the MTREF indicates the electrification of 769 houses together with electricity infrastructure through INEP grants and own funding, the growing need of more housing makes this an on-going exercise.
 - d. The minimum level of refuse removal services is available to all households – formal as well as informal areas.
3. The changes in the Indigent Subsidy Policy will result in more households to be registered as indigent in 2016/2017, and therefore result in fewer households entitled to receive Free Basic Services.
4. It is anticipated that these Free Basic Services will cost the municipality R 22.6 million in 2016/2017, stabilise at R 24.5 million by 2018/2019. This is covered by the municipality's equitable share allocation from national government.
5. Included in the Free Basic Services, the municipality also 'gives' households R 2.6 million in free services in 2016/2017, and it increases to R 2.9 million in 2018/2019. This 'tax expenditure' needs to be seen within the context of the municipality's overall

revenue management strategy – the more the municipality gives away, the less there is available to fund other services. Currently, the ‘free services’ represent about 1.7% of service charges and property rates.

Table 27 MBRR Table A10 – Basic Service Delivery Measurement

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Household service targets	1									
Water:										
Piped water inside dwelling		9 971	9 971	10 221	10 690	11 225	11 225	11 786	11 786	11 786
Piped water inside yard (but not in dwelling)		6 190	6 190	6 680	7 710	8 096	8 096	12 000	15 243	15 500
Using public tap (at least min.service level)	2	1 716	2 150	2 485	2 995	3 145	3 145	3 712	3 712	3 850
Other water supply (at least min.service level)	4	–	–	–	–	–	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>		17 877	18 311	19 386	21 395	22 466	22 466	27 498	30 741	31 136
Using public tap (< min.service level)	3	–	–	–	–	–	–	–	–	–
Other water supply (< min.service level)	4	249	–	–	–	–	–	–	–	–
No water supply		–	–	–	–	–	–	–	–	–
<i>Below Minimum Service Level sub-total</i>		249	–	–	–	–	–	–	–	–
Total number of households	5	18 126	18 311	19 386	21 395	22 466	22 466	27 498	30 741	31 136
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		13 191	13 193	13 452	13 930	14 627	14 627	18 127	21 370	21 450
Flush toilet (with septic tank)		217	320	380	470	494	494	614	804	850
Chemical toilet		–	–	–	–	–	–	–	–	–
Pit toilet (ventilated)		151	272	151	151	159	159	159	159	159
Other toilet provisions (> min.service level)		1 441	1 730	2 140	2 680	2 814	2 814	2 814	2 814	2 814
<i>Minimum Service Level and Above sub-total</i>		15 000	15 515	16 123	17 231	18 094	18 094	21 714	25 147	25 273
Bucket toilet		1 688	5 990	3 350	3 570	3 749	3 749	1 037	–	–
Other toilet provisions (< min.service level)		–	–	–	–	–	–	–	–	–
No toilet provisions		366	562	345	295	310	310	–	–	–
<i>Below Minimum Service Level sub-total</i>		2 054	6 552	3 695	3 865	4 059	4 059	1 037	–	–
Total number of households	5	17 054	22 067	19 818	21 096	22 153	22 153	22 751	25 147	25 273
Energy:										
Electricity (at least min.service level)		1 886	1 886	1 860	1 830	1 697	1 697	1 637	1 577	1 537
Electricity - prepaid (min.service level)		17 181	18 220	19 070	20 240	21 173	21 173	21 593	22 110	22 600
<i>Minimum Service Level and Above sub-total</i>		19 067	20 106	20 930	22 070	22 870	22 870	23 230	23 687	24 137
Electricity (< min.service level)		–	–	–	–	–	–	–	–	–
Electricity - prepaid (< min. service level)		–	–	–	–	–	–	–	–	–
Other energy sources		2 075	1 518	1 057	207	2 597	2 597	2 457	2 040	1 620
<i>Below Minimum Service Level sub-total</i>		2 075	1 518	1 057	207	2 597	2 597	2 457	2 040	1 620
Total number of households	5	21 142	21 624	21 987	22 277	25 467	25 467	25 687	25 727	25 757
Refuse:										
Removed at least once a week		18 880	13 900	15 000	18 500	19 425	19 425	20 396	21 000	21 000
<i>Minimum Service Level and Above sub-total</i>		18 880	13 900	15 000	18 500	19 425	19 425	20 396	21 000	21 000
Removed less frequently than once a week		–	5 100	5 500	7 550	7 928	7 928	8 324	8 380	10 000
Using communal refuse dump		–	–	–	–	–	–	–	–	–
Using own refuse dump		–	–	–	–	–	–	–	–	–
Other rubbish disposal		–	–	–	–	–	–	–	–	–
No rubbish disposal		–	–	–	–	–	–	–	–	–
<i>Below Minimum Service Level sub-total</i>		–	5 100	5 500	7 550	7 928	7 928	8 324	8 380	10 000
Total number of households	5	18 880	19 000	20 500	26 050	27 353	27 353	28 720	29 380	31 000
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		6 818	10 577	11 826	13 038	6 084	6 084	6 162	6 162	6 162
Sanitation (free minimum level service)		–	10 577	11 826	13 038	6 084	6 084	6 162	6 162	6 162
Electricity/other energy (50kwh per household per month)		–	6 645	6 645	7 326	5 300	5 300	4 048	4 048	4 048
Refuse (removed at least once a week)		–	10 577	11 826	13 038	6 084	6 084	6 162	6 162	6 162
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per indigent household per month)		–	–	–	–	–	–	–	–	–
Sanitation (free sanitation service to indigent households)		–	–	–	–	–	–	–	–	–
Electricity/other energy (50kwh per indigent household per month)		–	–	–	–	–	–	–	–	–
Refuse (removed once a week for indigent households)		–	–	–	–	–	–	–	–	–
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		–	–	–	–	–	–	–	–	–
Total cost of FBS provided		–	–	–	–	–	–	–	–	–
Highest level of free service provided per household										
Property rates (R value threshold)		45 000	45 000	45 000	15 000	15 000	15 000	15 000	15 000	15 000
Water (kilolitres per household per month)		10	10	10	10	10	6	6	6	6
Sanitation (kilolitres per household per month)		–	–	–	–	–	–	–	–	–
Sanitation (Rand per household per month)		175	187	202	217	217	217	232	248	265
Electricity (kwh per household per month)		50	50	50	50	50	50	50	50	50
Refuse (average litres per week)		144	154	166	178	178	178	190	203	217
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)		–	–	–	–	–	–	–	–	–
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		2 098	2 054	2 181	7 437	8 245	8 245	8 822	9 439	10 100
Water (in excess of 6 kilolitres per indigent household per month)		–	–	–	–	–	–	–	–	–
Sanitation (in excess of free sanitation service to indigent households)		–	–	–	–	–	–	–	–	–
Electricity/other energy (in excess of 50 kwh per indigent household per month)		–	–	–	–	–	–	–	–	–
Refuse (in excess of one removal a week for indigent households)		–	–	–	–	–	–	–	–	–
Municipal Housing - rental rebates		–	–	–	–	–	–	–	–	–
Housing - top structure subsidies		–	–	–	–	–	–	–	–	–
Other		–	–	–	–	–	–	–	–	–
Total revenue cost of subsidised services provided	6	2 098	2 054	2 181	7 437	8 245	8 245	8 822	9 439	10 100

Part 2 – Supporting Documentation

1.8 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Executive Committee members, the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Mayor.

The primary aims of the Budget Steering Committee are to ensure:

- That the process followed to compile the budget complies with legislation and good budget practices;
- That there is proper alignment between the policy and service delivery priorities set out in the municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- That the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- That the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

1.8.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August every year) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget process plan with time schedule before the 31st of August 2015. Key dates applicable to the process were:

- **November 2015** – 1st Budget work session of all councillors and senior management. Aim: to review past performance trends of the capital and operating budgets, the economic realities and to set the prioritisation criteria for the compilation of the 2016/2017 MTREF;
- **January 2016** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines and the compilation of the 1st draft MTREF;
- **January 2016** – Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations;
- **February 2016** – Multi-year budget proposals are submitted to the Executive Committee (2nd budget work session of all councillors and senior management) for endorsement;
- **28 February 2016** – Council considers the 2015/2016 Mid-year Review and Adjustments Budget;
- **31 March 2016** – Tabling in Council of the draft 2016/2017 IDP, 2016/2017 draft SDBIP and 2016/2017 draft MTREF for public consultation;
- **April 2016 – May 2016** – Public consultation
- **13 May 2016** – Closing date for written comments;
- **26 May 2016** – Finalisation and workshop with Council of the 2016/2017 IDP and 2016/2017 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and

- **31 May 2016** – Tabling of the 2016/2017 MTREF before Council for consideration and final approval.

There were no serious deviations from the key dates set out in the Budget Time Schedule tabled in Council.

1.8.2 IDP and Service Delivery and Budget Implementation Plan

This is a newly developed IDP for Council after the municipal elections that were held in May 2012.

The municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the newly developed IDP includes the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2016/2017 MTREF, based on the approved 2015/2016 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2016/2017 MTREF, each department / function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2015/2016 Departmental Service

Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

1.8.3 Financial Modeling and Key Planning Drivers

As part of the compilation of the 2016/2017 MTREF; extensive financial modelling were undertaken to ensure affordable tariffs and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2016/2017 MTREF:

- Municipality's growth;
- Policy priorities and strategic objectives;
- Asset maintenance;
- Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns);
- Performance trends;
- The approved 2015/2016 adjustments budget and performance against the SDBIP;
- Cash Flow Management Strategy;
- Debtor payment levels;
- Loan and investment possibilities;
- The need for tariff increases vs. The ability of the community to pay for services; and
- Improved and sustainable service delivery.

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 78, 79 and 82 has been taken into consideration in the planning and prioritisation process.

1.8.4 Community Consultation

The draft 2016/2017 MTREF as tabled before Council on 31 March 2016; and, for community consultation was published on the municipality's website and hard copies were made available at customer care offices, municipal notice boards and various libraries.

All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Ward Committees was utilised to facilitate the community consultation process during April 2016 – May 2016, and it included a public workshop for all councillors, senior management, ward committee members, sector departments, organisational stakeholders and any member of the local public. The applicable dates and venue will be published in all the local newspapers.

1.9 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realised through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the municipality strategically complies with the key national and provincial priorities.

The aim of this newly developed IDP was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's eleven

strategic objectives for the 2016/2017 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 28 IDP Strategic Objectives

Key Performance Area (KPA)	Key Performance Indicator (KPI)	Strategic Objective
KPA 1: Land Management	1. Spatial Development, Town Planning and Land-use Management	Provide the framework and vision required for improving the quality of life of the people living in //Khara Hais
		Manage the development of sustainable land use, economic, spatial and environmental planning according to predetermined acceptable levels
KPA 2: Service Delivery and Infrastructure Delivery	2. Water Resources and Services;	Develop, manage and maintain essential bulk water infrastructure and facilities to accommodate the aspirations, needs and pressures of present and future industries, businesses and dependent communities
		Develop, manage and maintain necessary infrastructure and facilities required to improve the provision of water services
	3. Sewerage;	Develop, manage and maintain essential bulk sewerage infrastructure and facilities to accommodate the aspirations, needs and pressures of present and future industries, businesses and dependent communities
		Develop, manage and maintain necessary infrastructure and facilities required to improve the provision of sewerage services
	4. Human Settlement and Housing;	Eradicate housing backlogs in municipal area
		Provide for sustainable human settlements (housing)
	5. Energy and Electricity;	Provide, manage and maintain essential infrastructure required to improve electricity provision
	6. Roads,	Develop, manage and maintain necessary

		Transport and Storm Water Drainage;	Road, Transport and Storm water infrastructure and facilities required to improve transportation in, and aesthetic qualities of urban areas
	7.	Sanitation, Waste Management and Waste Removal	Regulate and manage waste disposal to prevent pollution of the natural environment and natural resources
KPA 3: Local Economic Development	8	Economic Growth and Job Creation	Promote the development of tourist infrastructure that will enhance tourism
			Create an environment that promotes the development of a diversified and sustainable economy
KPA 4: Financial Viability	9	Community Development and Facilities;	Provide equal access to sport, park, recreational facilities and other public amenities to all residents
KPA 5: Institutional Transformation	10	Administrative and Institutional Capacity	Manage and maintain municipal property, plant, equipment and vehicle fleet
			Pro-active prevention, mitigation, identification and management of environmental health, fire and disaster risks
			Provide safety to communities through law enforcement services and through legislative requirements
			Promote and improve public relations through stakeholder participation and good customer service.
KPA 6: Good Governance and Customer Care			Align institutional arrangements to provide an effective and efficient support service to deliver on organizational objectives.
			Enable and improve financial viability and management through well-structured budget processes, financial systems and MFMA compliance
KPA 7: Social Services			

In order to ensure integrated and focused service delivery between all spheres of government it was important for the municipality to align its budget priorities with that of

national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives (National KPA's):

1. Provision of quality basic services and infrastructure which includes, amongst others:
 - Provide electricity;
 - Provide water;
 - Provide sanitation;
 - Provide waste removal;
 - Provide housing;
 - Provide roads and storm water;
 - Provide public transport;
 - Provide city planning services; and
 - Maintaining the infrastructure of the municipality.
2. Economic growth and development that leads to sustainable job creation by:
 - Ensuring there is a clear structural plan for the municipality;
 - Ensuring planning processes function in accordance with set timeframes; and
 - Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.
3. Fight poverty and build clean, healthy, safe and sustainable communities:
 - Effective implementation of the Indigent Policy;
 - Working with the provincial department of health to provide primary health care services;
 - Extending waste removal services and ensuring effective city cleansing;
 - Ensuring all waste water treatment works are operating optimally;
 - Working with strategic partners such as SAPS to address crime;

- Ensuring safe working environments by effective enforcement of building and health regulations;
- Promote viable, sustainable communities through proper zoning; and
- Promote environmental sustainability by protecting wetlands and key open spaces.

4. Integrated Social Services for empowered and sustainable communities:

- Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme.

5. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:

- Optimising effective community participation in the ward committee system; and
- Implementing Batho Pele in the revenue management strategy.

6. Promote sound governance through:

- Publishing the outcomes of all tender processes on the municipal website.

7. Ensure financial sustainability through:

- Reviewing the use of contracted services; and
- Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan.

8. Optimal institutional transformation to ensure capacity to achieve set objectives:

- Review of the organizational structure to optimize the use of personnel.

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the municipality. The five-year programme responds to the development challenges and opportunities faced by the municipality by identifying the key performance areas to achieve the five national strategic objectives mentioned above.

In addition to the five-year IDP, the municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the municipality so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the municipality's IDP, associated sectorial plans and strategies, and the allocation of resources of the municipality and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into seven strategic focus areas/objectives as outlined below:

- Developing dormant areas;
- Enforcing hard development lines – so as to direct private investment;
- Maintaining existing urban areas;
- Strengthening key economic clusters;
- Building social cohesion;
- Strong developmental initiatives in relation to the municipal institution as a whole; and
- Sound financial fundamentals.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the newly developed IDP, including:

- Strengthening the analysis and strategic planning processes of the municipality;
- Initiating zonally planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area based interventions, within the overall holistic framework;
- Ensuring better co-ordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2016/2017 MTREF has therefore been directly informed by the IDP revision process and tables 29 – 31 provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

**Table 29 MBRR Table SA4 –
Reconciliation between the IDP strategic objectives and budgeted revenue**

Strategic Objective	Goal	Goal Code	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand												
KPA 1: Land Management	Provide the framework and vision required for improving the quality of life of the people living in //Khara Hais			728	9 551	5 283	4 032	5 817	5 817	4 709	4 992	5 291
KPA 2: Service Delivery and Infrastructure Delivery	Develop, manage and maintain essential bulk sewerage infrastructure and facilities to accommodate the aspirations, needs and pressures of present and future industries, businesses and dependent communities.			22 432	23 903	25 930	27 615	29 187	29 187	22 808	24 489	26 293
	Develop, manage and maintain essential bulk water infrastructure and facilities to accommodate the aspirations, needs and pressures of present and future industries, businesses and dependent communities			40 683	47 615	48 405	49 843	49 572	49 572	52 254	54 830	59 898
	Develop, manage and maintain necessary infrastructure and facilities required to improve the provision of sewerage services			31	67	471	69	45	45	48	52	55
	Develop, manage and maintain necessary road, transport and storm water infrastructure and facilities required to improve transportation in and aesthetic qualities of urban areas			564	375	550	465	563	563	8 882	4 133	509
	Eradicate housing backlogs in municipal area			6 178	321	–	–	–	–	–	–	–
	Provide for sustainable human settlements (housing)			679	648	1 250	1 250	1 312	1 312	650	–	–
	Provide, manage and maintain essential infrastructure required to improve electricity provision			179 086	205 003	220 755	247 753	253 499	253 499	268 214	288 773	310 907
	Regulate and manage waste disposal to prevent pollution of the natural environment and natural resources			27 451	31 488	34 721	32 182	33 079	33 079	27 779	29 784	31 946

**Table 29 MBRR Table SA4 –
Reconciliation between the IDP strategic objectives and budgeted revenue
(continue)**

Strategic Objective	Goal	Goal Code	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand												
KPA 3: Local Economic Development	Create an environment that promotes the development of a diversified and sustainable economy			318	304	391	335	460	460	423	448	475
	Promote the development of tourist infrastructure that will enhance tourism			4 825	5 488	4 874	6 658	4 513	4 513	5 325	5 645	5 983
KPA 4: Financial Viability	Enable and improve financial viability and management through well-structured budget processes, financial systems and MFMA Compliance			58 680	78 766	152 458	145 664	143 670	143 670	148 048	155 380	175 315
KPA 5: Institutional Transformation	Align institutional arrangements to provide an effective and efficient support service to deliver on organisational objectives			694	7 284	12 975	470	420	420	400	424	449
KPA 6: Good Governance and Customer Care	Facilitate the establishment of good governance practices			48 749	58 838	358	10	–	–	–	–	–
	Manage and maintain municipal property , plant, equipment and vehicle fleet			392	3 652	2 561	62 179	62 194	62 194	20 495	5 644	5 983
	Pro-active prevention, mitigation, identification and management of environmental health, fire and disaster risks			280	24	170	18	1 466	1 466	29	31	33
	Promote and improve public relations through stakeholder participation and good customer service			–	4	–	–	–	–	–	–	–
	Provide equal access to sport, park, recreational facilities and other public amenities to all residents			23 399	6 134	15 269	14 378	14 378	14 378	15 681	14 554	10 744
	Provide safety to communities through law enforcement services and through legislative requirements			(2)	(1)	(5)	–	–	–	10	11	11
Allocations to other priorities			2									
Total Revenue (excluding capital transfers and contributions)			1	415 166	479 464	526 416	592 920	600 174	600 174	575 755	589 189	633 894

**Table 30 MBRR Table SA5 –
Reconciliation between the IDP strategic objectives and budgeted operating
expenditure**

Strategic Objective	Goal	Goal Code	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand												
KPA 1: Land Management	Manage the development of sustainable land use, economic, spatial and environmental planning according to predetermined acceptable levels			464	–	–	–	–	–	–	–	–
	Provide the framework and vision required for improving the quality of life of the people living in //Khara Hais			3 903	7 341	3 938	3 738	4 974	4 974	5 663	5 654	5 963
KPA 2: Service Delivery and Infrastructure Delivery	Develop, manage and maintain essential bulk sewerage infrastructure and facilities to accommodate the aspirations, needs and pressures of present and future industries, businesses and dependent communities.			13 455	14 628	16 280	18 530	19 091	19 091	17 729	18 783	19 900
	Develop, manage and maintain essential bulk water infrastructure and facilities to accommodate the aspirations, needs and pressures of present and future industries, businesses and dependent communities			45 212	56 186	52 978	53 634	55 089	55 089	62 927	65 360	68 607
	Develop, manage and maintain necessary infrastructure and facilities required to improve the provision of sewerage services			9 561	11 788	8 169	8 408	8 911	8 911	10 886	10 977	11 440
	Develop, manage and maintain necessary infrastructure and facilities required to improve the provision of water services			52	72	3	–	–	–	3	3	3
	Develop, manage and maintain necessary road, transport and storm water infrastructure and facilities required to improve transportation in and aesthetic qualities of urban areas			39 034	39 431	36 297	62 510	63 474	63 474	51 217	48 080	46 519
	Eradicate housing backlogs in municipal area			6 109	96	–	–	–	–	–	–	–
	Provide for sustainable human settlements (housing)			3 823	4 007	4 081	3 781	3 353	3 353	3 409	3 613	3 829
	Provide, manage and maintain essential infrastructure required to improve electricity provision			160 639	175 284	187 233	216 378	214 421	214 421	231 428	246 270	263 891
	Regulate and manage waste disposal to prevent pollution of the natural environment and natural resources			36 647	35 336	33 495	39 151	40 702	40 702	41 752	44 241	46 880

**Table 30 MBRR Table SA5 –
Reconciliation between the IDP strategic objectives and budgeted operating
expenditure (continue)**

Strategic Objective	Goal	Goal Code	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
R thousand													
KPA 3: Local Economic Development	Create an environment that promotes the development of a diversified and sustainable economy			1 238	1 220	1 265	1 297	1 061	1 061	1 294	1 372	1 454	
	Promote the development of tourist infrastructure that will enhance tourism			9 915	8 966	8 314	9 191	9 624	9 624	9 359	9 916	10 507	
KPA 4: Financial Viability	Enable and improve financial viability and management through well-structured budget processes, financial systems and MFMA Compliance			51 492	57 466	68 113	43 820	53 393	53 393	30 891	32 742	34 704	
KPA 5: Institutional Transformation	Align institutional arrangements to provide an effective and efficient support service to deliver on organisational objectives			28 667	27 369	23 244	34 195	25 757	25 757	31 988	33 808	35 836	
KPA 6: Good Governance and Customer Care	Facilitate the establishment of good governance practices			20 257	19 012	20 213	12 905	16 905	16 905	18 030	19 109	20 254	
	Manage and maintain municipal property, plant, equipment and vehicle fleet			18 015	13 366	20 606	6 872	9 800	9 800	13 411	13 956	14 691	
	Pro-active prevention, mitigation, identification and management of environmental health, fire and disaster risks			11 569	11 795	11 809	11 116	12 215	12 215	12 681	13 437	14 239	
	Promote and improve public relations through stakeholder participation and good customer service			5 240	4 829	5 845	4 912	5 722	5 722	6 348	6 727	7 131	
	Provide equal access to sport, park, recreational facilities and other public amenities to all residents			41 432	44 641	39 785	52 165	48 855	48 855	47 956	50 818	53 787	
	Provide safety to communities through law enforcement services and through legislative requirements			13 363	15 168	13 289	12 397	14 503	14 503	15 541	16 472	17 458	
Allocations to other priorities													
Total Expenditure				1	520 087	548 001	554 957	595 000	607 850	607 850	612 513	641 338	677 091

**Table 31 MBRR Table SA6 –
Reconciliation between the IDP strategic objectives and budgeted capital
expenditure**

Strategic Objective	Goal	Goal Code	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand												
KPA 1: Land Management	Provide the framework and vision required for improving the quality of life of the people living in //Khara Hais			–	–			97	97			
KPA 2: Service Delivery and Infrastructure Delivery	Develop, manage and maintain essential bulk sewerage infrastructure and facilities to accommodate the aspirations, needs and pressures of present and future industries, businesses and dependent communities.			16	–	5 881		1 765	1 765	14 352		–
	Develop, manage and maintain essential bulk water infrastructure and facilities to accommodate the aspirations, needs and pressures of present and future industries, businesses and dependent communities			20 862	28 354	25 756	1 743	21 498	21 498	16 167	20 397	21 470
	Develop, manage and maintain necessary infrastructure and facilities required to improve the provision of sewerage services			1 886	25 534	6 612			–			
	Develop, manage and maintain necessary road, transport and storm water infrastructure and facilities required to improve transportation in and aesthetic qualities of urban areas			165	237	14 218	1 725	98	98			
	Provide, manage and maintain essential infrastructure required to improve electricity provision			385	9 262	7 680	13 366	17 711	17 711	16 747	6 347	2 651
	Regulate and manage waste disposal to prevent pollution of the natural environment and natural resources			21 688	15 311	27		1	1			
KPA 3: Local Economic Development	Create an environment that promotes the development of a diversified and sustainable economy			13	2	1 062			–			

**Table 31 MBRR Table SA6 –
Reconciliation between the IDP strategic objectives and budgeted capital
expenditure (Continue)**

Strategic Objective	Goal	Goal Code	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand												
KPA 4: Financial Viability	Promote the development of tourist infrastructure that will enhance tourism			9	20	32		84	84			
	Enable and improve financial viability and management through well-structured budget processes, financial systems and MFMA Compliance			44	154	92	500	8	8			
KPA 5: Institutional Transformation	Align institutional arrangements to provide an effective and efficient support service to deliver on organisational objectives			1	1	–	1 500	759	759	1 500	1 590	1 685
KPA 6: Good Governance and Customer Care	Facilitate the establishment of good governance practices			3 089	1 993	36		1	1			
	Provide equal access to sport, park, recreational facilities and other public amenities to all residents			14 425	10 569	9 593	16 318	6 551	6 551	6 114	4 386	
	Manage and maintain municipal property , plant, equipment and vehicle fleet			11 989	5 313	862	1 100	2 525	2 525	14 938	6 993	6 268
	Promote and improve public relations through stakeholder participation and good customer service			12	0				–			
	Pro-active prevention, mitigation, identification and management of environmental health, fire and disaster risks			115	–				–			
	Provide safety to communities through law enforcement services and through legislative requirements			12	–				–			
									–			
Allocations to other priorities			3									
Total Capital Expenditure			1	74 710	96 749	71 851	36 251	51 098	51 098	69 818	39 713	32 075

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets,

monitors, assess and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

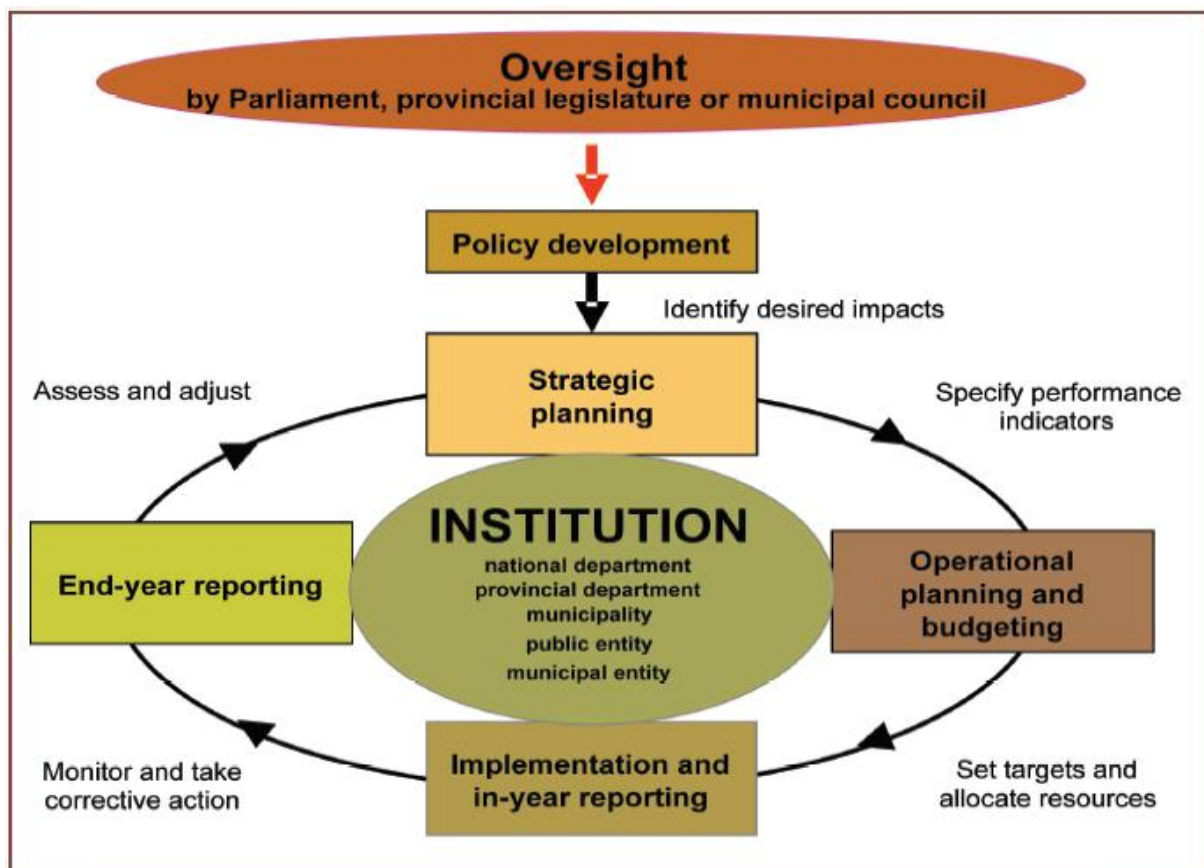


Figure 2 Planning, budgeting and reporting cycle

The performance of the municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);

- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:

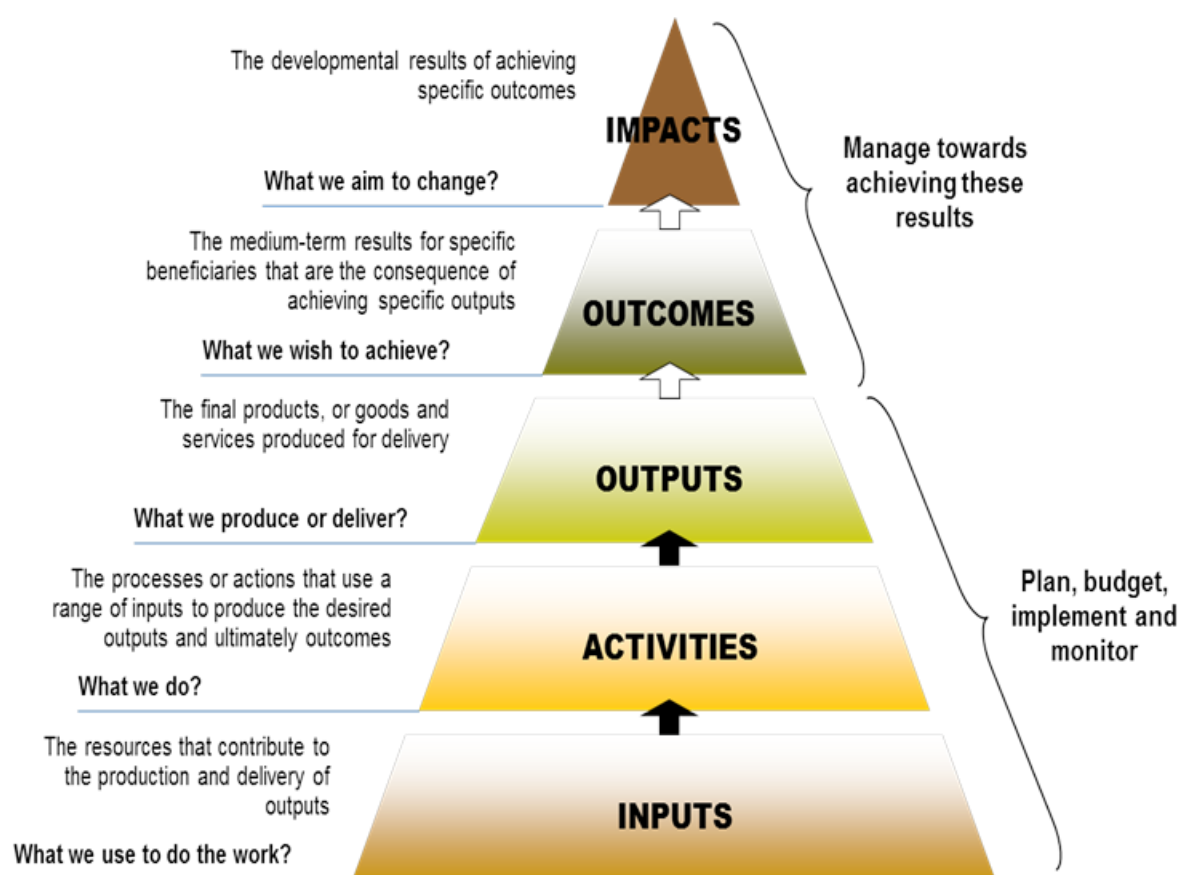


Figure 3 Definition of performance information concepts

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

Table 32 MBRR Table SA7 – Measurable performance objectives

Description	Unit of measurement	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Municipal Manager										
1001: Vegetable Project										
Percentage of operating expenditure spent	Percentage	98.0%	69.0%	95.0%	95.0%	95.0%	95%	95.0%	95.0%	95.0%
Communication Gaps and										
0017: Intergovernmental Relations										
Percentage of operating budget expenditure	Percentage	100.0%	32.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
Other Focus Areas										
0002: Municipal Council										
Percentage of capital budget spent	Percentage	100.0%	78.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
0011: Municipal Manager										
Measure performance of Municipal Manager as	Quarterly Report	Fully Effective	Above	Above	Fully Effective	Fully Effective	Fully Effective	Fully Effective	Fully Effective	Fully Effective
0013: Youth Council										
Percentage of operating budget expenditure	Percentage	100.0%	100.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
0032: Internal Audit										
Monitoring of the activities in the Internal Audit	Audit Reports / AC	Audit Plan	Audit Plan	Audit Plan	Audit Plan	Audit Plan	Audit Plan	Audit Plan	Audit Plan	Audit Plan
1009: Activism Against Women &										
Percentage of operating budget revenue raised	Percentage	100.0%	100.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%
1020: Youth in Human Settlements										
Percentage of operating budget revenue raised	Percentage	0.0%	100.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%
Corporate Services										
Other Focus Areas										
0001: Administration										
Keeping of archive and records compliant with	Narrative	File plan in lin	File plan in lin	File plan in lin	File plan in lin	File plan in lin	File plan in lin	File plan in lin	File plan in lin	File plan in lin
0004: Property Administration										
Keeping of hall rental registers	Narrative	100%	100%	100%	100%	100%	100%	100%	100%	100%
0009: Human Resources										
Reviewed and approved Employment Equity	Narrative	Plan in place	Plan in place	Plan in place	Plan	Plan	Plan	Plan	Plan	Plan
0033: Information Technology										
Maintain information technology equipment,	Quarterly Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports
0039: Legal Services										
Report on legal supporting services rendered to	Monthly Report	Function not in	Function not in	9 Reports	12 Reports	12 Reports	12 Reports	12 Reports	12 Reports	
0008: Strategic Operations and Public										
Percentage of capital budget spent	Percentage	87.0%	0.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
0043: Commonage										
Percentage of operating budget expenditure	Percentage	83%	88%	95%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
1017: Commonage Fund (Emerging										
Percentage of operating budget expenditure	Percentage	100%	100%	95%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
Financial Services										
Other Focus Areas										
0007: Directorate Financial Services										
Render monthly accounts for municipal	Number	+/- 18 000	+/- 18 500	+/- 19 000	+/- 20 000	+/- 20 000	+/- 20 000	+/- 20 500	+/- 21 000	+/- 21 000
0034: Fleet Management										
Monitoring and reporting (quarterly) on	Monthly Report	Not	Not	Not	12 Reports	12 Reports	12 Reports	12 Reports	12 Reports	12 Reports
1002: Finance Management Grant										
Building the capacity of financial or other	Number	3	3	5	5	5	5	5	5	5
1013: Municipal Systems Improvement										
Improvement of policies, procedures and	Narrative	Qualified with	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified
Community Services										
Road & Transport Infrastructure										
0035: Parking Area Development										
Percentage of capital budget spent	Percentage	51.0%	0.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
Sewerage & Sanitation										
0027: Refuse Removal Services										
Percentage and number of households with	Percentage	98%	98%	95%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
Lack of Sport, Park & Recreation										
0050: Parks										
Maintenance of parks as per maintenance	Quarterly Report	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports
Lack of Sufficient Health Facilities and										
0003: Libraries										
Number and percentage of library material	Number	118 076	103 341	104 000	76 000	76 000	76 000	76 000	76 000	76 000
1004: Masincedane Library Project										
Percentage of capital budget spent	Percentage	79%	37%	95%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
0020: Traffic Services										
Number of fines issued and percentage	Number / Percentage	9 718 / 32%	14 489 / 35%	11 384 / 34%	14 901 / 39%	14 901 / 39%	14 901 / 39%	15 795 / 41%	16 743 / 43%	16 743 / 43%
0021: Fire Brigade Services										
Percentage of call-outs responded to within the	Percentage / Number	81% / 113	70% / 113	80%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%
0023: Disaster Management										
Review Disaster Management Plan annually as	Reviewed DMP	DMP	DMP	DMP	DMP Reviewed	DMP Reviewed	DMP Reviewed	DMP Reviewed	DMP Reviewed	DMP
0025: Environmental Health Services										
As per national legislation scope of practise	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports
0029: Primary Health Care Services										
Percentage of capital budget spent	Percentage	0%	91%	95%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%

Description	Unit of measurement	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Other Focus Areas										
0024: Security Services										
<i>Render a security service pertaining to</i>	Monthly Report /	12 Reports /	12 Reports /	12 Reports /	12 Reports /	12 Reports /	12 Reports /	12 Reports /	12 Reports /	12 Reports /
0036: Director Development Services										
<i>Percentage of capital budget spent</i>	Percentage	0%	0%	95%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
Lack of Sport, Park & Recreation										
0054: Gordonia Holiday Resort										
<i>Percentage of operating budget expenditure</i>	Percentage	100.0%	744.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
0053: Spitskop										
<i>Percentage of operating budget revenue raised /</i>	Percentage	105%	102%	99%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%
Lack of Sufficient Health Facilities and										
0049: Recreation Facilities										
<i>Percentage of capital budget spent</i>	Percentage	0%	121%	95%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
0052: Swimming Pools										
<i>Maintenance of swimming pools as per</i>	Quarterly Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports
0055: Sport Grounds										
<i>Maintenance of sport grounds as per</i>	Quarterly Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports
0056: Reitz Park										
<i>Maintenance of Reitz Park as per maintenance</i>	Quarterly Reports	N/A	N/A	Responsible	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports
1014: Grant: Department Sport, Arts										
<i>Percentage of operating budget revenue raised /</i>	Quarterly Reports	100%	0%	0%	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports
Lack of Sufficient Health Facilities and										
0057: Cemeteries										
<i>Keeping of cemetery registers as per legislation</i>	Updated Register /	100% Plots	100% Plots	100% Plots	100% Plots	100% Plots	100% Plots	100% Plots	100% Plots	100% Plots
Electro Mech Services										
Road & Transport Infrastructure										
0042: Workshop										
<i>Service vehicles and equipment within given</i>	Percentage	N/A	72%	90%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
0046: Transport										
<i>Percentage of capital budget spent</i>	Percentage	0%	86%	95%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
Electricity										
0059: Electricity Administration										
<i>Number and percentage of households with</i>	Number / Percentage	17 455 / 99%	17 842 / 99%	97%	97.0%	97.0%	97.0%	97.0%	97.0%	97.0%
0060: Electricity Purchases / Sales										
<i>Percentage of operating budget expenditure</i>	Percentage	98%	99%	95%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
0061: Electricity Maintenance										
<i>Maintenance of street lights electricity</i>	Quarterly Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports
0062: Electricity Distribution										
<i>Maintenance of electrical distribution networks</i>	Quarterly Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports
Civil Services										
0026: Sanitation Services										
<i>Rendering of sanitation services as per service</i>	Days service not	0	1	1	1	1	1	1	1	1
0028: Vacuum Tank Services										
<i>Rendering of vacuum tank services on request</i>	Days service not	0	1	1	1	1	1	1	1	1
0040: Civil Engineering Services										
<i>Percentage of capital budget spent</i>	Percentage	100%	98%	95%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
0047: Building Control Unit										
<i>Percentage of operating budget revenue raised /</i>	Percentage	100%	108%	99%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%
Road & Transport Infrastructure										
0041: Streets and Storm Water										
<i>Construction / Resealing of streets</i>	Kilometres	N/A	N/A	22.85 km	22.85 km	22.85 km	22.85 km	ITBC	ITBC	ITBC
0044: Main Roads										
<i>Percentage of capital budget spent</i>	Percentage	0%	0%	95%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
1005: Extended Public Works										
<i>Number of job opportunities created</i>	Number	N/A	N/A	298	359	359	359	436	480	480
Sewerage & Sanitation										
0045: Sewerage Purification Plan										
<i>Purify sewerage compliant with green drop</i>	Narrative / Percentage	N/A	N/A	50%	60.0%	60.0%	60.0%	70.0%	80.0%	80.0%
0048: Sewerage Distribution Networks										
<i>Maintenance of distribution networks</i>	Percentage of complaints	100%	100%	100%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Water										
0066: Water Production										
<i>Purify raw water compliant with blue drop status</i>	Narrative / Percentage	N/A	38%	50%	60.0%	60.0%	60.0%	70.0%	80.0%	80.0%
0067: Water Distribution										
<i>Maintenance of water distribution networks</i>	Percentage of requests	100%	100%	100%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
1018: Water Service Projects										
<i>Percentage of operating budget expenditure</i>	Percentage	100%	11%	95%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
Director: Development and Planning										
0005: Museum										
<i>Percentage of capital budget spent</i>	Percentage	0.0%	0.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
0006: Tourism and Marketing										
<i>Percentage of operating budget revenue</i>	Percentage	27.0%	109.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%

Description	Unit of measurement	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
0019: IDP & PMS										
<i>Compile / review IDP on an annual basis</i>	Narrative	IDP approved	IDP approved	IDP approved	IDP approved	IDP approved	IDP approved	IDP approved	IDP approved	IDP approved
Housing / Town Planning and Land Use										
0018: Housing and Development										
<i>Identify and manage the development of housing</i>	Number	8 823	8 600	7 890	6 890	6 890	6 890	5 690	4 890	4 890
1010: Housing Accreditation										
<i>Percentage of capital budget spent</i>	Percentage	100%	0%	95%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
1016: Construction of Toilets										
<i>Percentage of operating budget expenditure</i>	Percentage	88%	0%	0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0030: Town Planning and Building										
<i>Town Planning applications processed within</i>	Percentage	100%	100%	100%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Poverty & Unemployment										
0031: Local Economic Development										
<i>To create conducive environment for growth in the local economy</i>	Number of jobs	1 584	534	365	450	450	450	550	600	600
Housing/Town Planning and Land Use										
0010: Upington Housing Rentals										
<i>Percentage of operating budget expenditure</i>	Percentage	100.0%	100.0%	95.0%	95.0%	95.0%	95%	95.0%	95.0%	95.0%
1015: Housing Projects										
<i>Build BNG houses</i>	Number	0	81	0	0	0	0	0	0	0
<i>Construction of 150 Rental Units</i>	Number	0	0	81	0	0	0	0	0	0

The following table sets out the municipalities main performance objectives and benchmarks for the 2016/2017 MTREF.

Table 33 MBRR Table SA8 – Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<u>Borrowing Management</u>											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	4.7%	6.0%	6.9%	5.0%	4.0%	4.0%	4.0%	4.1%	3.4%	3.0%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	7.0%	8.0%	8.4%	5.7%	4.5%	4.5%	4.5%	4.9%	4.2%	3.6%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	178.2%	19.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	0.6	0.4	0.4	0.7	0.8	0.8	0.8	0.9	1.2	1.7
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.6	0.4	0.4	0.7	0.8	0.8	0.8	0.9	1.2	1.7
Liquidity Ratio	Monetary Assets/Current Liabilities	0.1	0.0	0.0	0.1	0.1	0.1	0.1	0.2	0.3	0.7
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		97.3%	97.4%	98.6%	100.0%	98.9%	98.9%	98.9%	98.5%	97.8%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		97.3%	97.4%	98.6%	100.0%	98.9%	98.9%	98.9%	98.5%	97.8%	97.9%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	13.4%	11.8%	12.0%	8.3%	10.3%	10.3%	10.3%	11.1%	11.7%	11.7%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))	80.0%	70.0%	0.0%	80.0%	0.0%	0.0%	0.0%	90.0%	95.0%	95.0%
Creditors to Cash and Investments		2235.7%	-8916.2%	-2469.6%	727.1%	1018.0%	1018.0%	1018.0%	458.1%	168.9%	70.8%
<u>Other Indicators</u>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)	19301701	20163329	20312981	18312981	18312981	18312981	18312981	17312981	16312981	15312981
	Total Cost of Losses (Rand '000)	11 848	13 001	14 285	14 450	14 450	14 450	14 450	14 978	15 473	15 925
	% Volume (units purchased and generated less units sold)/units purchased and generated	6.0%	9.8%	9.7%	9.7%	9.7%	9.7%	9.7%	10.0%	10.0%	10.0%
Water Distribution Losses (2)	Total Volume Losses (kℓ)	5 545	8 834	9 366	9 366	9 366	9 366	9 366	8 866	8 366	7 866
	Total Cost of Losses (Rand '000)	11 034	11 304	11 982	12 821	12 821	12 821	12 821	12 986	13 111	13 191
	% Volume (units purchased and generated less units sold)/units purchased and generated	38.0%	40.9%	40.4%	40.0%	40.0%	40.0%	40.0%	39.0%	38.0%	37.0%
Employee costs	Employee costs/(Total Revenue - capital revenue)	43.5%	41.6%	37.3%	29.1%	34.1%	34.1%	34.1%	38.2%	39.6%	39.0%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	46.1%	0.0%	39.1%	30.8%	35.6%	35.6%		39.7%	41.1%	40.5%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	3.0%	2.2%	1.8%	3.2%	2.7%	2.7%		3.1%	3.0%	3.0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	24.3%	21.9%	17.3%	20.6%	19.4%	19.4%	19.4%	17.0%	16.8%	16.2%
<u>IDP regulation financial viability indicators</u>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	22.5	15.9	23.6	26.0	26.0	26.0	39.5	37.8	40.1	43.1
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	17.3%	15.3%	15.5%	11.2%	13.8%	13.8%	13.8%	13.8%	13.9%	13.9%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.1	(0.0)	(0.2)	0.2	0.1	0.1	0.1	0.3	0.7	1.3

2.3.1 Performance indicators and benchmarks

2.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, //Khara Hais Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2016/2017 MTREF:

- *Capital charges to operating expenditure* are a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing has steadily increased. This increase can be attributed to the raising of loans to fund portions of the capital programme. While borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator will have to be carefully monitored going forward as the municipality has reached its prudential borrowing limits. As the municipality has reached its borrowing limits, no external loans will be raised from 2016/2017 – 2018/2019.
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing.

The municipality's debt profile provides some interesting insights on the municipality's future borrowing capacity. Firstly, the use of amortising loans leads to high debt service costs at the beginning of the loan, which declines steadily towards the end of the loan's term.

The municipality has raised mainly amortising loans over the past five years, hence effectively 'front-loading' its debt service costs. This is reflected in the municipality's debt service profile, which predicts large debt service costs between 2013 and 2017. Debt

service costs are expected to peak in 2017 due to the redemption of the last few term loans held by the municipality.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs. As part of the compilation of the 2016/2017 MTREF the potential of smoothing out the debt profile over the longer term will be investigated.

2.3.1.2 *Safety of Capital*

The gearing ratio is a measure of the total long term borrowings over funds and reserves. In 2008/2009 the gearing ratio peaked at 54.1%. This was primarily a result of the increased borrowing levels and decreasing funds and reserves. However, the gearing ratio decreased to 0% in the 2009/2010 financial year. The reason for this was that all cash-backed reserves for funding capital expenditure were depleted. It stays at 0% until 2018/2019. The medium term strategy is to steadily increase the gearing ratio to a level that does not exceed 50% as a prudential limit, hence, the municipality will have to find ways and means to get rid of unfunded mandates and to service land for resale purposes to build up cash back reserves for capital expenditure again. Also should investment in basic services infrastructure in formal and informal areas for breaking new ground housing purposes with the municipality's own reserves be recouped from national and provincial housing funding programmes. The municipality cannot carry on borrowing funds from external sources.

2.3.1.3 *Liquidity*

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the municipality has set a limit of 1, hence at no point in time should this ratio be less than 1:1. For the MTREF the current ratio is 0.3 in the 2016/2017 financial year and 0.3 and 0.3 for the two outer years of the MTREF. Going forward it will be necessary to improve these levels to the benchmark limit.

- *The liquidity ratio* is a measure of the ability of the municipality to utilise cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2011/2012 financial year the ratio was 0.5 and as part of the financial planning strategy it has to increase to 1. However, it decrease to 0.2 from 2012/2013 to 2018/2019. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the municipality. As part of the longer term financial planning objectives this ratio will have to be set at a minimum of 1.

2.3.1.4 *Revenue Management*

As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, and credit control and debt collection.

2.3.1.5 *Creditors Management*

The municipality has striven to ensure that creditors are settled within the legislated 30 days of receiving invoices. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure that most payments comply with this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the municipality, which is expected to benefit the municipality in the form of more competitive pricing of tenders, as suppliers compete for the municipality's business.

2.3.1.6 *Other Indicators*

- The electricity distribution losses will stabilise at 9.9% over the MTREF. The initiatives to ensure these targets are achieved include managing illegal connections

and theft of electricity by rolling out smart metering systems, including prepaid meters.

- The water distribution losses have been significantly increased from 39.4% in 2011/2012 to 39.8% in 2014/2015. It is planned to reduce distribution losses to 27.0% by 2018/2019.
- Employee costs as a percentage of operating revenue increases and decreases depending on factors like the implementation of housing programmes over the past and future financial years. Another factor that affects this percentage the high increase in bulk purchases which directly increase revenue levels. National Treasury has indicated in MFMA Circular No 66 that there is no benchmark to be measured against due to all these factors influencing it.
- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also decreasing owing directly to cost drivers such as bulk purchases increasing far above inflation. In real terms, repairs and maintenance has increased as part of the municipality's strategy to ensure the management of its asset base.

2.3.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the municipality. With the exception of water, only registered indigents qualify for the free basic services.

In terms of the municipality's indigent policy registered households are entitled to 6 kℓ "free" water, 50 kWh "free" electricity, "free" sanitation and "free" waste removal services once a week, as well as a 100% discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 45.

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, and etcetera) are taken into account in the table noted above.

2.3.3 Providing clean water and managing waste water

The municipality is the Water Services Authority for the entire municipality in terms of the Water Services Act, 1997 and acts as water services provider. The municipality buys its raw water from Department of Water Affairs (DWA) by extracting it directly from the Orange River to purify it before distributing it to the local community.

The DWA conducts an annual performance rating of potable and waste water treatment works; presenting a Blue Drop or Green Drop award respectively to potable water treatment works and waste water treatment works that meet certain criteria of excellence.

Our purified drinking water is of exceptional quality, free of e-coli although there are some management issues that have to be attended to before the municipality can obtain Blue Drop status in 2016/2017.

None of our waste water treatment works were awarded Green Drop status in 2013/2014, indicating that these plants will require renewals / upgrading to meet the minimum Green Drop certification standards. This has been prioritised as part of the 2016/2017 – 2018/2019 medium term capital budget.

The following is briefly the main challenges facing the municipality in this regard:

- The infrastructure at most of the waste water treatment works is old and insufficient to treat the increased volumes of waste water to the necessary compliance standard;
- Shortage of skilled personnel makes proper operations and maintenance difficult; and
- There is a lack of proper regional catchment management, resulting in storm water entering the sewerage system.

The following are some of the steps that have been taken to address these challenges:

- Infrastructure shortcomings are being addressed through the capital budget in terms of a 5-year upgrade plan;

- The filling of vacancies has commenced and the Waste Water Division will embark on an in-house training programme, especially for operational personnel; and
- The Division is working in consultation with the Department of Water Affairs to address catchment management.

2.4 Overview of budget related-policies

The municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

2.4.1 Review of credit control and debt collection procedures/policies

The Customer Care, Credit Control, Debt Collection and Indigent Support Policy was approved by Council and reviewed in 2015/2016.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, the Integrated Indigent Exit Programme aims to link the registered indigent households to development, skills and job opportunities. The programme also seeks to ensure that all departments as well as external role players are actively involved in the reduction of the number of registered indigent households.

The 2016/2017 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 98% on current billings. The first nine months of the 2015/2016 financial year yielded a collection rate of 98% due to government departments honouring their commitments. The municipality expects government departments to honour their past and future commitments during 2016/2017 to avoid their services being discontinued. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the municipality's cash levels. In addition, the municipality's payment incentive scheme through its Writing-Off of Irrecoverable Debt Policy seems to be working and it is taking the customers out of their spiral debt.

2.4.2 Asset Management, Infrastructure Investment and Funding Policy

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be

considered a significant strategy in ensuring the future sustainability of infrastructure and the municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme, where possible, was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management, Infrastructure and Funding Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets). This policy will not be amended.

2.4.3 Budget Adjustment Policy

The adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the City continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

2.4.4 Supply Chain Management Policy

The Supply Chain Management Policy, to allow for legislation changes, was reviewed and adopted by Council in May 2013 and revised in 2015. The policy was to be revised and tabled to Council during May 2016.

2.4.5 Budget and Virement Policy

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the municipality's system of

delegations. The Budget and Virement Policy was reviewed and approved by Council in May 2013. This policy will not be amended.

2.4.6 Cash Management and Investment Policy

The municipality's Cash Management and Investment Policy were amended by Council in May 2011. The aim of the policy is to ensure that the municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduce time frames to achieve certain benchmarks. The Cash Management and Virement Policy was reviewed and approved by Council in May 2013. The policy was revised and tabled to Council during May 2016.

2.4.7 Tariff Policies

The municipality's Tariff Policy provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The Tariff Policy, as approved by Council in May 2015, has been reviewed and changes to the policy will be approved on the 31st of May 2016.

2.4.8 Property Rates Policy

The municipality's Property Rates Policy provides a broad framework within which the Council can determine property rates levies. The Tariff Policy as approved by Council in May 2015 has been reviewed. Changes to the policy will be approved on the 31st of May 2016.

2.4.9 Financial Modelling and Scenario Planning Policy

The Financial Modelling and Scenario Planning Policy (Financial Plan included as Annexure A to the IDP) has directly informed the compilation of the 2016/2017 MTREF with the emphasis on affordability and long-term sustainability. The policy dictates the approach to longer term financial modelling. The outcomes are then filtered into the

budget process. The model and scenario planning outcomes are taken to Council every November as part of the IDP and then translate into recommendations for the budget guidelines that inform the compilation of the next MTREF. One of the salient features of the policy is the emphasis on financial sustainability. Amongst others, the following has been modelled as part of the financial modelling and scenario planning process:

- Approved 2015/2016 Adjustments Budget;
- Cash Flow Management Interventions, Initiatives and Strategies (including the cash backing of reserves);
- Economic climate and trends (i.e. Inflation, household debt levels, indigent factors, growth, recessionary implications);
- Loan and investment possibilities;
- Performance trends;
- Tariff Increases;
- The ability of the community to pay for services (affordability);
- Policy priorities;
- Improved and sustainable service delivery; and
- Debtor payment levels.

All the above policies are available on the municipality's website, as well as the following budget related policies:

- Property Rates Policy;
- Funding and Reserves Policy;
- Borrowing Policy;
- Budget Policy; and
- Basic Social Services Package (Indigent Policy).

2.5 Overview of budget assumptions

2.5.1 External factors

The *Budget Review 2015* notes that the South African economy has demonstrated resilience despite unsettles international economic conditions. Global developments are likely to hold back higher growth over the short-term, resulting in gross domestic product

(GDP) growth being expected to slow from 2.2% in 2014 to 1.4% in 2015. However, the domestic outlook remains positive over the medium term. As the world economy remains weak, GDP growth will decelerate to 0.8% in 2016.

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the municipality's finances.

2.5.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2016/2017 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration. Employee related costs comprise 40.0% of total operating expenditure, excluding non-cash items, in the 2016/2017 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget.

2.5.3 Credit rating outlook

Table 34 Credit rating outlook

Security class	Currency	Rating	Annual rating 2013/2014	Previous Rating
Short term	Rand	N/A	N/A	N/A
Long-term	Rand	N/A	N/A	N/A
Outlook	Rand	N/A	N/A	N/A

The municipality has not been rated by a rating agency.

2.5.4 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The municipality engages in a number of financing arrangements to minimise its interest rate costs and risk. However, for simplicity the 2016/2017 MTREF is based on the assumption that all borrowings are undertaken using fixed interest rates for amortisation-style loans requiring both regular principal and interest payments. As part of the compilation of the 2016/2017 MTREF the potential of smoothing out the debt profile over the long term will be investigated.

2.5.5 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long-term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (99%) of annual billings. Cash flow is assumed to be 98% of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will only be considered a source of additional cash in-flow once the performance has been carefully monitored.

2.5.6 Growth or decline in tax base of the municipality

Debtors' revenue is assumed to increase at a rate that is influenced by the consumer debtors' collection rate, tariff/rate pricing, real growth rate of the municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs

incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

2.5.7 Salary increases

The percentage increase for regarding salaries / wages for the 2016/2017 are 6% as per the collective agreement. Over the MTREF the municipality has provided for a cost-of-living increase of 6.0% (2016/2017), 6.0% (2018/2019) and 6.0% (2018/2019). However the 6.0% does not include notch increases and additional appointments.

2.5.8 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDP's, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives. Unfortunately, some of these services come at a cost for the municipality since not all activities is 100% funded through funds that follow functions (unfunded mandates).

2.5.9 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 95% is achieved on operating expenditure and 95% on the capital programme for the 2016/2017 MTREF of which performance has

been factored into the cash flow budget. The municipality expects to recover 98% of its budgeted revenue.

2.6 Overview of budget funding

2.6.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Table 35 Breakdown of the operating revenue over the medium-term

Description R thousand	Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2016/17	%	Budget Year +1 2017/18	%	Budget Year +2 2018/19	%
Revenue By Source								
Property rates	78 693	13.1%	84 201	14.6%	90 095	15.3%	96 402	15.2%
Service Charges	363 653	60.6%	368 044	63.9%	395 777	67.2%	425 598	67.1%
Rental of facilities and equipment	7 467	1.2%	8 538	1.5%	9 050	1.5%	9 594	1.5%
Interest earned - external investments	580	0.1%	600	0.1%	636	0.1%	674	0.1%
Transfers recognised - operational	68 135	11.4%	73 477	12.8%	67 050	11.4%	73 451	11.6%
Other Own Revenue	81 647	13.6%		0.0%		0.0%		0.0%
Total Revenue (excluding capital transfers and contributions)	600 174	100%	575 755	100%	589 189	100%	633 894	100%
Total Expenditure	607 850		612 513		641 338		677 091	677 091
Surplus/(Deficit)	(7 676)		(36 758)		(52 149)		(43 196)	(43 196)

The following graph is a breakdown of the operational revenue per main category for the 2016/2017 financial year.

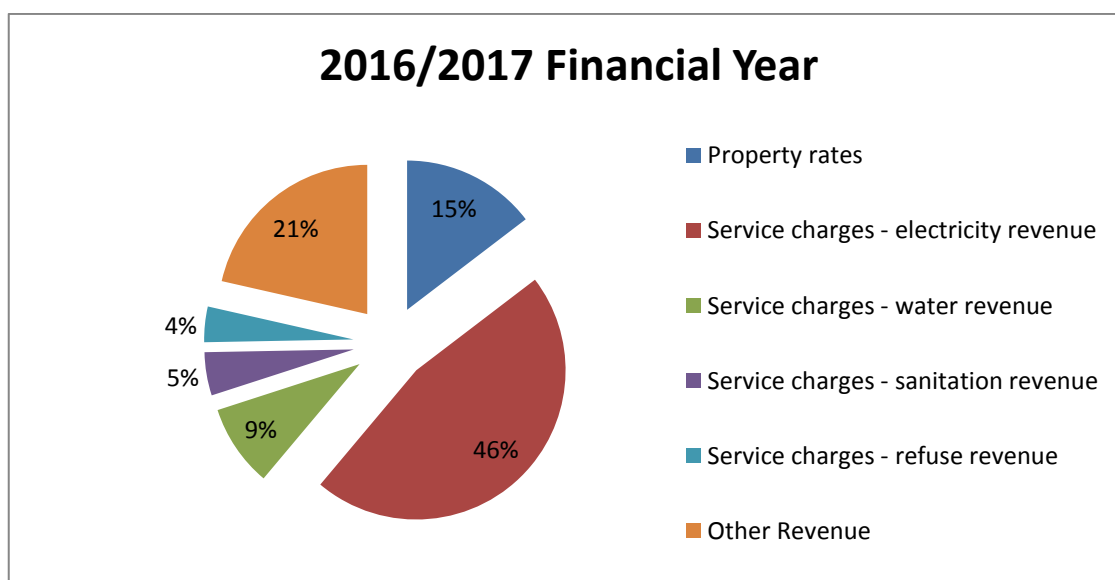


Figure 4 Breakdown of operating revenue over the 2016/2017 MTREF

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity. The MTREF therefore provides for a budgeted surplus (excluding non-cash items) of R 82.7 million (2016/2017) and R 70.6 and R76.8 in the two outer years. This surplus is intended to fully fund capital expenditure from own sources as well as ensure adequate cash backing of reserves and funds.

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The municipality derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc.) completes the revenue base.

The revenue strategy is a function of key components such as:

- Growth in the municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 98% annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing / calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2016/2017 MTREF on the different revenue categories are:

Table 36 Proposed tariff increases over the medium-term

Revenue Category	2016/17 Proposed Tariff Increase	2017/18 Proposed Tariff Increase	2018/19 Proposed Tariff Increase	2016/17 Total Budgeted Revenue
	%	%	%	R'000
Property Rates	±7.00%	±7.00%	±7.00%	84 201
Electricity	7.64%	7.64%	7.64%	272 358
Water	±7.00%	±7.00%	±7.00%	51 789
Sanitation	±7.00%	±7.00%	±7.00%	35 446
Refuse Removal	±7.00%	±7.00%	±7.00%	31 135
Total				474 929

Revenue to be generated from property rates is R 84.2 million in the 2016/2017 financial year and increases to R 96.4 million by 2018/2019 which represents 13.7% of the operating revenue base of the municipality. It remains relatively constant over the medium-term. With the implementation of the Municipal Property Rates Act the basis of rating significantly changed.

The municipality is in a process of further data verification and validation relating to the valuation roll. The new valuation roll was implemented from 1 July 2014 and is valid for 4 years. The valuation is supplemented every year as supplementary valuations are performed. As the levying of property rates is considered strategic revenue source a further supplementary valuation process will be undertaken as necessary during the financial year. The outcome of this initiative will be closely monitored and reported on a regular basis as part of the quarterly performance reporting.

Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the municipality totalling R 368.0 million for the 2016/2017 financial year and increasing to R 425.6 million by 2018/2019. For the 2016/2017 financial year services charges amount to 63.9% of the total revenue base and grows to 67.1% by 2018/2019. This growth can mainly be attributed to the increase in the bulk prices of electricity and water.

Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. Operating grants and transfers totals R 73.4 million in the 2016/2017 financial year, R67.0 for 2017/2018 and R 74.5

million by 2018/2019. Note that the year-on-year growth for the 2016/2017 financial year is 7.8% and -8.7% and 9.5% for the outer years. The reason for this is that //Khara Hais Municipality and Mier Municipality are in the process of being amalgamated in August 2016. Therefore uncertainty exists regarding the grant and transfer income for both individual municipalities. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Investment revenue contributes marginally to the revenue base of the municipality with a budget allocation of R 0.6 million, R 0.6 million and R 0.7 million for the respective three financial years of the 2016/2019 MTREF. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

The tables below provide detail investment information and investment particulars by maturity.

Table 37 MBRR SA15 – Detail Investment Information

Investment type	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
<u>Parent municipality</u>										
Deposits - Bank		635	669	-	-	-	-	-	-	-
Municipality sub-total	1	635	669	-	-	-	-	-	-	-
<u>Entities</u>										
Entities sub-total		-	-	-	-	-	-	-	-	-
Consolidated total:		635	669	-	-	-	-	-	-	-

Table 38 MBRR SA16 – Investment particulars by maturity

Investments by Maturity	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate 3.	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
Name of institution & investment ID	1	Yrs/Months												
Parent municipality														
Deposit Bank - Base on quotations received		Months	Depositor Plus	No	Variable	Based on quotations received	N/A	N/A	Monthly	-				-
Municipality sub-total										-		-	-	-
Entities														
Entities sub-total										-		-	-	-
TOTAL INVESTMENTS AND INTEREST	1									-		-	-	-

2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2016/17 to 2018/2019 medium-term capital programme:

Table 39 Sources of capital revenue over the MTREF

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Funded by:											
National Government		23 342	45 454	28 520	25 835	20 996	20 996	20 996	28 311	30 660	23 225
Provincial Government		177	6 120	18 626	-	5 391	5 391	5 391	3 509	-	-
Other transfers and grants		14 359	565	5 558	-	590	590	590	-	-	-
Transfers recognised - capital	4	37 878	52 140	52 703	25 835	26 977	26 977	26 977	31 819	30 660	23 225
Public contributions & donations	5	-	-	-	-	1	1	1	-	-	-
Borrowing	6	30 072	40 650	-	-	-	-	-	-	-	-
Internally generated funds		6 759	3 959	19 148	10 416	24 120	24 120	24 120	37 998	9 053	8 850
Total Capital Funding	7	74 710	96 749	71 851	36 251	51 098	51 098	51 098	69 818	39 713	32 075

Capital grants and receipts equates to 46% of the total funding source which represents R 31.8 million for the 2016/2017 financial year and decreases to R 30.6 million (77.2%) for 2017/2018 before decreasing to R23.2 million or 72.4% by 2018/2019.

Own funding still remains a significant funding source for the capital programme over the medium-term with an estimated R 37.9 million, R 9.0 million and R 8.8 million to be raised for each of the respective financial years..

As explained earlier, the borrowing capacity of the municipality has essentially reached its limits and therefore no borrowing is being budgeted for from 2016/2017 – 2018/2019

Table 40 is graphically represented as follows for the 2016/2017 financial year.

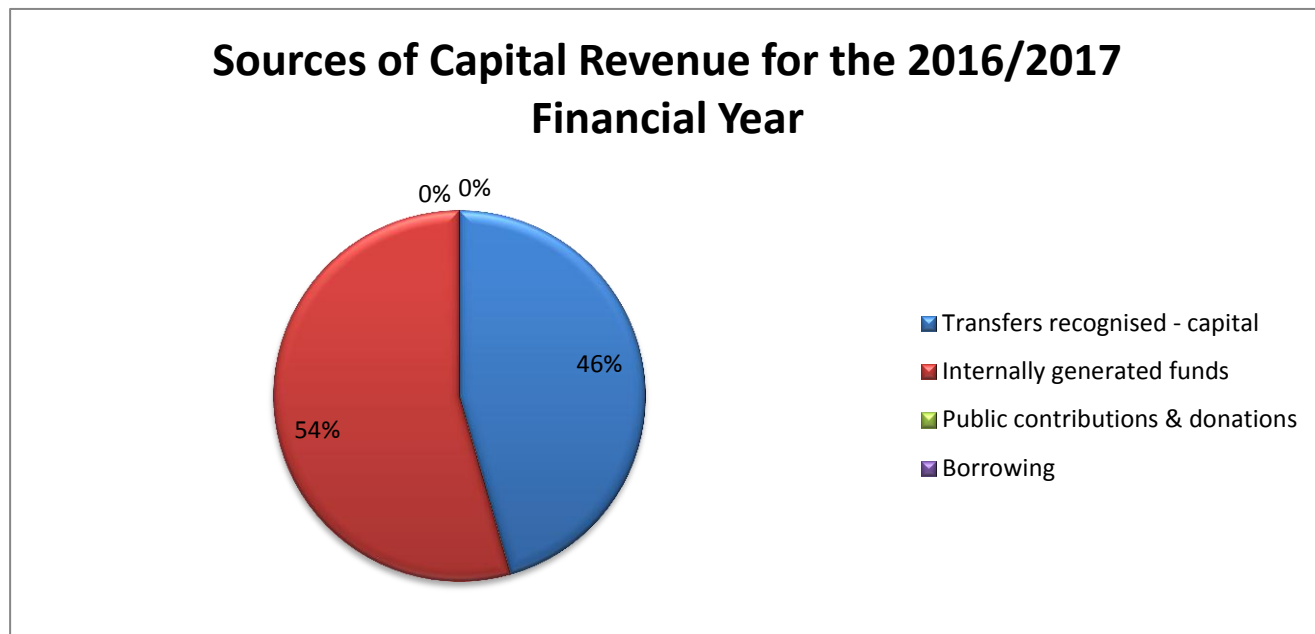


Figure 5 Sources of capital revenue for the 2016/17 financial year

The following table is a detailed analysis of the municipality's borrowing liability.

Table 40 MBRR Table SA 17 - Detail of borrowings

Table 10 - MTRR Table 5A.11 - Detail of Borrowings										
Borrowing - Categorised by type	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
Parent municipality										
Long-Term Loans (annuity/reducing balance)		133 563	122 438	106 009	94 720	95 802	95 802	88 283	77 840	69 366
Municipality sub-total	1	133 563	122 438	106 009	94 720	95 802	95 802	88 283	77 840	69 366
Entities										
Entities sub-total	1	-	-	-	-	-	-	-	-	-
Total Borrowing	1	133 563	122 438	106 009	94 720	95 802	95 802	88 283	77 840	69 366

Internally generated funds consist of a mixture between surpluses generated on the operating statement of financial performance and cash backed reserves. In determining the credibility of this funding source it becomes necessary to review the cash flow budget

as well as the cash backed reserves and accumulated funds reconciliation, as discussed below.

Internally generated funds consist of R 37.9 million in 2016/2017, R 9.0 million in 2017/2018 and R 8.8 million in 2018/2019.

Table 41 below provides more detail of the capital transfers and grant receipts.

Table 41 MBRR Table SA 18 - Capital transfers and grants receipts

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
Capital Transfers and Grants										
National Government:		29 404	36 727	28 545	25 835	20 996	20 996	28 311	30 660	23 225
Municipal Infrastructure Grant (MIG)		20 202	27 193	20 930	18 818	8 205	8 205	16 933	25 397	21 470
Integrated National Electrification Programme		8 260	8 657	2 850	6 140	6 140	6 140	4 386	877	1 754
EPWP Incentive		942	877	964	877	877	877	877	–	–
Regional Bulk Infrastructure					–	570	570	–	–	–
Electricity Demand Side Management				3 800	–	5 203	5 203	6 114	4 386	–
Other capital transfers/grants [insert desc]										
Provincial Government:		177	2 503	24 228	–	5 391	5 391	3 509	–	–
Sport and Recreation		61	1 873	1 320		17	17	–	–	–
DWA				714		1 491	1 491	–	–	–
COGHSTA				–		3 868	3 868	3 509	–	–
Community Sport for Youth Development				5 149						
Department of Tourism				2 615						
Department of Public Works				9 569						
Municipal Infrastructure Support Agency (MISA)				4 860						
EPWP Incentive				–		15	15	–	–	–
Other Departments		116	631							
District Municipality:		–	–	–	–	–	–	–	–	–
ZFM District Municipality										
Other grant providers:		11 490	1 938	663	–	590	590	–	–	–
Lotto		–	1 900	–		590	590			
FIFA World Cup Legacy Programme		7 116	–	–						
Other		4 374	38	663						
Total Capital Transfers and Grants	5	41 071	41 169	53 436	25 835	26 977	26 977	31 819	30 660	23 225

2.6.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understanding for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'ratepayers and other' to be provided for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue; and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table 42 MBRR Table A7 - Budget cash flow statement

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges		43 730	49 614	64 055	75 488	73 612	73 612	73 612	77 516	79 445	85 434
Service charges		262 552	303 245	327 928	355 982	363 653	363 653	363 653	368 044	395 777	425 598
Other revenue		19 961	19 011		23 673	23 682	23 682	23 682	23 233	23 939	25 375
Government - operating	1	66 750	69 413	67 147	73 268	68 135	68 135	68 135	73 477	67 050	73 451
Government - capital	1	42 157	52 910	52 205	25 835	27 043	27 043	27 043	31 819	30 660	23 225
Interest		3 064	3 161	3 182	3 000	3 580	3 580	3 580	3 600	3 816	4 045
Payments											
Suppliers and employees		(373 990)	(356 585)	(396 893)	(528 988)	(516 023)	(516 023)	(516 023)	(495 495)	(526 802)	(557 940)
Finance charges		(14 057)	(20 542)	(27 047)	(13 436)	(7 706)	(7 706)	(7 706)	(14 978)	(12 245)	(11 337)
Transfers and Grants	1	(25 478)	(27 210)	(15 765)	(21 597)	(21 490)	(21 490)	(21 490)	(110)	(117)	(124)
NET CASH FROM/(USED) OPERATING ACTIVITIES		24 690	93 017	74 811	(6 775)	14 486	14 486	14 486	67 106	61 523	67 728
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		1 120	3 044	14 301	60 010	60 932	60 932	60 932	18 200	3 212	3 405
Decrease (increase) other non-current receivables		(14)	7	5	6	7	7	7	6	5	5
Decrease (increase) in non-current investments		(635)	(34)	669	-	-	-	-	-	-	-
Payments											
Capital assets		(74 527)	(96 411)	(71 851)	(36 251)	(51 098)	(51 098)	(51 098)	(69 818)	(39 713)	(32 075)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(74 056)	(93 394)	(56 876)	23 765	9 841	9 841	9 841	(51 611)	(36 496)	(28 665)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Borrowing long term/refinancing		65 624	8 540	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		1 265	708	888	500	2 000	2 000	2 000	500	500	500
Payments											
Repayment of borrowing		(10 232)	(12 355)	(22 598)	(16 430)	(16 430)	(16 430)	(16 430)	(9 883)	(9 459)	(8 966)
NET CASH FROM/(USED) FINANCING ACTIVITIES		56 657	(3 107)	(21 711)	(15 930)	(14 430)	(14 430)	(14 430)	(9 383)	(8 959)	(8 466)
NET INCREASE/ (DECREASE) IN CASH HELD		7 291	(3 484)	(3 776)	1 060	9 897	9 897	9 897	6 112	16 068	30 597
Cash/cash equivalents at the year begin:	2	(4 929)	2 363	(1 121)	5 940	(4 897)	(4 897)	(4 897)	5 000	11 112	27 180
Cash/cash equivalents at the year end:	2	2 362	(1 121)	(4 897)	7 000	5 000	5 000	5 000	11 112	27 180	57 777

The above table shows that cash and cash equivalents of the municipality were largely depleted between the 2012/2013 and 2014/2015 financial year moving from a positive

cash balance of R 2.3 million to a negative cash balance of R 4.9 million. With the 2015/2016 adjustments budget various cost efficiencies and savings had to be realised to ensure the municipality could meet its operational expenditure commitments. It is projected that cash and cash equivalents on hand will increase to R 5.0 million by the financial year end. For the 2016/2017 MTREF the budget has been prepared to ensure sufficient levels of cash and cash equivalents over the medium-term with cash levels anticipated to exceed R 5.0 million by 2016/2017 and steadily increasing to R 57.8 million by 2018/2019.

2.6.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular No 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was / is available. A shortfall (cash-backed commitments > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

From Table 43 below it can be seen that the cash and investments available total R 11.1 million in the 2016/2017 financial year and steadily increase to R 57.8 million by 2018/2019, including the projected cash and cash equivalents as determined in the cash flow forecast.

The 2014/2015 audited outcome reflects a deficit of R 5.0 million. The municipality has approved and implemented a Municipal Turnaround Strategy. This strategy aims to limit expenditure and increase revenue collection. The implementation of GRAP 17 which the higher DRC values has had a negative impact on the municipality. At this stage the municipality shows a budgeted non-cash deficit of R 61.4 million. A deficit leads to a decrease in the accumulated depreciation. At this stage our increasing creditors and debtors are a big concern.

Table 43 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Cash and investments available											
Cash/cash equivalents at the year end	1	2 362	(1 121)	(4 897)	7 000	5 000	5 000	5 000	11 112	27 180	57 777
Other current investments > 90 days		635	669	0	0	(0)	(0)	(0)	(0)	(0)	(0)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		2 997	(453)	(4 897)	7 000	5 000	5 000	5 000	11 112	27 180	57 777
Application of cash and investments											
Unspent conditional transfers		37 174	36 087	5 675	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	10 138	-	-	8 500	8 500	8 500	8 500	8 500	8 500	8 500
Other working capital requirements	3	(15 553)	29 956	50 840	(14 381)	(26 251)	(26 251)	(26 251)	(27 112)	(36 700)	(46 785)
Total Application of cash and investments:		31 758	66 043	56 516	(5 881)	(17 751)	(17 751)	(17 751)	(18 612)	(28 200)	(38 285)
Surplus(shortfall)		(28 761)	(66 495)	(61 413)	12 881	22 751	22 751	22 751	29 724	55 380	96 062

The following is a breakdown of the application of this funding:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year. In the past these have been allowed to 'roll-over' and be spent in the ordinary course of business, but this practice has been discontinued. During the 2011/2012 financial year the municipality was required to supply National Treasury with a detailed analysis of the unspent grants as well as an action plan of spending the grants. The municipality has received the necessary roll-over approval from the National Treasury as the funding appropriation relating to the unspent conditional grants could be motivated as part of existing projects. For the 2015/2016 financial year provision has been made for this liability.

- There is no unspent borrowing from the previous financial years. In terms of the municipality's Borrowing and Investments Policy, borrowings are only drawn down once the expenditure has been incurred against the particular project. Unspent borrowing is ring-fenced and reconciled on a monthly basis to ensure no unnecessary liabilities are incurred.
- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and receipt delays will have a greater requirement for working capital, as was experienced by the municipality in the past resulting in cash flow challenges. For the purpose of the cash backed reserves and accumulated surplus reconciliation a provision equivalent to one month's operational expenditure has been provided for. It needs to be noted that although this can be considered prudent, the desired cash levels should be 60 days to ensure continued liquidity of the municipality. Any underperformance in relation to collections could place upward pressure on the ability of the municipality to meet its creditor obligations.
- Other provisions (i.e. employee benefits) have been provided for in the operating budget but have not been provided for in Table 43.
- The municipality has no long term investments that consist primarily of the sinking funds for the repayment of future borrowings.
- Most reserve fund cash-backing is discretionary in nature, but the reserve funds are not available to support a budget unless they are cash-backed. The reserve funds as well as unspent conditional grants are not fully cash-backed. Government's outstanding debt, unfunded housing projects and unfunded mandates for the past three years are increasing on a year-to-year basis. The level of cash-backing is directly informed by the municipality's cash backing policy. //Khara Hais Municipality has requested in writing support from National Treasury regarding the unfunded mandates which can no longer be afforded and funded by our consumers. Mr. J

Hattingh wrote a letter to Provincial Treasury requesting them to assist us in order to address these issues, but no assistance or correspondence was received. The municipal manager has requested that the clinic should be taken over by Provincial Treasury. This was done during October 2014. Two of the employees are still paid by us and a monthly invoice is being sent to Department of Health. //Khara Hais is also performing the Fire Brigade Services and Environmental Health Services, but the grant is being paid to ZFM. Environmental Health is in the process to be transferred to ZFM District Municipality and the process will be done by 30 June 2016.

It can be concluded that the municipality has a deficit against the cash backed and accumulated surpluses reconciliation. The level of non-cash backing progressively deteriorated over the period 2011/2012 to 2013/2014 escalating from a negative R 31.6 million to a negative R 82.3 million in 2013/2014. This was mainly due to an operating deficit for the past three years. The municipality has essentially depleted all cash reserves which is a serious concern and should be considered a strategic risk to the financial stability of the municipality. It needs to be noted that for all practical purposes the 2013/2014 MTREF was unfunded when considering the funding requirements of section 18 and 19 of the MFMA. The 2016/2017 MTREF has been informed by ensuring the financial plan meets the minimum requirements of the MFMA.

However, from a practical perspective it would not be possible to eradicate this deficit in one financial year hence the phased approach over the MTREF. Nevertheless from a pure cash flow perspective (cash out flow versus cash inflow) the budget is funded and is therefore credible. The challenge for the municipality will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.

2.6.5 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial

position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 44 MBRR SA10 – Funding compliance measurement

Description	MFMA section	Ref	2016/17 Medium Term Revenue & Expenditure Framework		
			Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Funding measures					
Cash/cash equivalents at the year end - R'000	18(1)b	1	11 112	27 180	57 777
Cash + investments at the yr end less applications - R'000	18(1)b	2	29 724	55 380	96 062
Cash year end/monthly employee/supplier payments	18(1)b	3	0.3	0.7	1.3
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	(4 939)	(21 489)	(19 972)
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	(3.8%)	1.4%	1.4%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	97.0%	96.3%	96.4%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	1.1%	1.1%	1.1%
Capital payments % of capital expenditure	18(1)c;19	8	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10	100.1%	100.2%	100.2%
Current consumer debtors % change - incr(decr)	18(1)a	11	2.5%	8.2%	7.5%
Long term receivables % change - incr(decr)	18(1)a	12	(50.4%)	(100.0%)	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	1.2%	1.2%	1.3%
Asset renewal % of capital budget	20(1)(vi)	14	32.4%	32.8%	25.0%

2.6.5.2 Cash/cash equivalent position

The municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2016/2017 MTREF shows R11.1 million, R 27.2 million and R 57.8 million for each respective financial year.

2.6.5.3 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves / surpluses are contained in Table 25, on page 41. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

2.6.5.4 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. As part of the 2016/2017 MTREF the municipalities improving cash position causes the ratio to move upwards to 0.2 and then stabilize on 0.2 by 2018/2019. As indicated above the municipality aims to achieve at least one month's cash coverage in the medium term, and then gradually move towards two months coverage. This measure will have to be carefully monitored going forward.

2.6.5.5 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus / deficit are achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. //Khara Hais Municipality did not use the depreciation method, but the revaluation method with the higher Depreciated Replacement Cost values. Therefore the "offsetting" amount cannot be

deducted in terms of GRAP 17 and a surplus will not be reflected in this statement. //Khara Hais Municipality has reported this issue several times with both the Auditor General and National Treasury. We are still awaiting response.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

2.6.5.6 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etcetera.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 5.8% to 6.6%). The result is intended to be an approximation of the real increase in revenue. Considering the lowest percentage tariff increase in relation to revenue generated from rates and services charges is 7%, with the increase in electricity at 7.64% on average it is to be expected that the increase in revenue will exceed the inflation target figures. However, the outcome is lower than it might be due to the slowdown in the economy and a reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.

2.6.5.7 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 99.0% for each of the respective financial years. Given that the assumed collection rate was based on a 98% performance target, the cash flow statement has been conservatively determined. In addition the risks associated with

objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will have to be amended accordingly.

2.6.5.8 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 0.5% over the MTREF. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

2.6.5.9 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 0% timing discount has been factored into the cash position forecasted over the entire financial year. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days and have not defaulted over the last five years.

2.6.5.10 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions)

has been excluded. Further details relating to the borrowing strategy of the municipality can be found on page 81.

2.6.5.11 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100% could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The municipality has budgeted for all transfers.

2.6.5.12 Consumer debtors change (Current and Non-current)

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are two measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show an increase settling debtor's accounts not being settled within 45 days.

2.6.5.13 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and / or sustainable in the medium to long term because the revenue budget is not being protected. Details of the municipality's strategy pertaining to asset management and repairs and maintenance are contained in Table 60 MBRR SA34c on page 107.

2.6.5.14 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a

renewal / rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 59 MBRR SA34b on page 106.

2.7 Expenditure on grants and reconciliations of unspent funds

Table 45 MBRR SA19 - Expenditure on transfers and grant programmes

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		58 460	62 906	63 366	70 905	64 385	64 385	69 231	63 058	69 227
Local Government Equitable Share		52 652	53 914	56 129	57 629	57 629	57 629	54 168	56 734	61 738
Finance Management		1 485	1 550	1 600	1 600	1 600	1 600	1 625	1 723	1 826
Municipal Systems Improvement		800	890	934	930	930	930	–	–	–
Energy Efficiency and Demand Management		–	–	445	6 000	60	60	886	614	–
Municipal Infrastructure Grant (MIG)		2 812	5 222	3 806	3 764	3 184	3 184	3 387	213	5 417
Integrated National Electrification Programme		–	1 043	368	860	860	860	614	123	246
EPWP Incentive		711	287	83	123	123	123	123	–	–
Amalgamation Grant		–	–	–	–	–	–	8 429	3 652	–
Provincial Government:		8 076	6 399	3 092	2 099	2 143	2 143	4 095	3 833	4 056
Sport and Recreation		399	993	2 459	2 099	2 090	2 090	2 137	2 293	2 426
Health subsidy		1 363	1 275	319	–	53	53	1 467	1 540	1 630
Water Affairs		–	52	88	–	–	–	–	–	–
Dept Transport		–	–	47	–	–	–	–	–	–
Coghta		6 313	4 079	180	–	–	–	491	–	–
District Municipality:		–	–	–	–	1 437	1 437	–	–	–
ZFM District Municipality		–	–	–	–	1 437	1 437	–	–	–
Other grant providers:		214	709	690	264	170	170	150	159	169
Sponsors for Cultural Festival		–	205	299	220	170	170	150	159	169
SETA		182	371	339	–	–	–	–	–	–
Other		32	71	20	–	–	–	–	–	–
FET Coghta Learnership		–	62	32	44	–	–	–	–	–
Total operating expenditure of Transfers and Grants		66 750	70 014	67 147	73 268	68 135	68 135	73 477	67 050	73 451
Capital expenditure of Transfers and Grants										
National Government:		22 101	45 454	29 710	25 835	20 996	20 996	28 311	30 660	23 225
Municipal Infrastructure Grant (MIG)		14 228	34 613	22 452	18 818	8 205	8 205	16 933	25 397	21 470
Integrated National Electrification Programme		7 873	7 857	2 632	6 140	6 140	6 140	4 386	877	1 754
EPWP Incentive		–	2 984	1 703	877	877	877	877	–	–
Regional Bulk Infrastructure		–	–	–	–	570	570	–	–	–
Electricity Demand Side Management		–	–	2 923	–	5 203	5 203	6 114	4 386	–
Other capital transfers/grants [insert desc]		–	–	–	–	–	–	–	–	–
Provincial Government:		1 419	6 120	17 426	–	5 391	5 391	3 509	–	–
Sport and Recreation		–	3 641	2 959	–	17	17	–	–	–
DWA		42	307	626	–	1 491	1 491	–	–	–
Department of Transport		–	20	333	–	3 868	3 868	–	–	–
COGHSTA		–	1 796	1 284	–	15	15	3 509	–	–
Community Sport for Youth Development		–	–	–	–	–	–	–	–	–
Department of Tourism		–	–	2 615	–	–	–	–	–	–
Department of Public Works		1 242	–	9 569	–	–	–	–	–	–
Municipal Infrastructure Support Agency (MISA)		–	–	–	–	–	–	–	–	–
Other Departments		135	355	39	–	–	–	–	–	–
EPWP Incentive		–	–	–	–	–	–	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
ZFM District Municipality		–	–	–	–	–	–	–	–	–
Other grant providers:		14 359	565	5 567	–	590	590	–	–	–
Lotto		2 423	565	–	–	590	590	–	–	–
FIFA World Cup Legacy Programme		7 116	–	–	–	–	–	–	–	–
SANRAL		4 785	–	–	–	–	–	–	–	–
Other Grant Providers		34	–	5 567	–	–	–	–	–	–
Total capital expenditure of Transfers and Grants		37 878	52 140	52 703	25 835	26 977	26 977	31 819	30 660	23 225
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		104 628	122 153	119 850	99 103	95 112	95 112	105 296	97 710	96 676

Table 46 MBRR SA20 - Reconciliation between of transfers, grant receipts and unspent funds

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		-	-	-	0	-	-	-	-	-
Current year receipts		58 460	62 305	63 366	70 905	64 385	64 385	69 231	63 058	69 227
Conditions met - transferred to revenue		58 460	62 305	63 366	71 052	64 385	64 385	69 231	63 058	69 227
Conditions still to be met - transferred to liabilities		-	-	0	(147)	-	-	-	-	-
Provincial Government:										
Balance unspent at beginning of the year		(2 396)	(2 458)	800	17					
Current year receipts		8 014	9 658	2 291	2 099	2 143	2 143	4 095	3 833	4 056
Conditions met - transferred to revenue		8 076	6 399	3 092	2 116	2 143	2 143	4 095	3 833	4 056
Conditions still to be met - transferred to liabilities		(2 458)	800	-	-	-	-	-	-	-
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts			-	-	-	1 437	1 437	-	-	-
Conditions met - transferred to revenue		-	-	-	-	1 437	1 437	-	-	-
Conditions still to be met - transferred to liabilities			-	-	-	-	-	-	-	-
Other grant providers:										
Balance unspent at beginning of the year		152		(4)	(164)					
Current year receipts		214	705	738	264	170	170	150	159	169
Conditions met - transferred to revenue		214	709	690	100	170	170	150	159	169
Conditions still to be met - transferred to liabilities		152	(4)	44	-	-	-	-	-	-
Total operating transfers and grants revenue		66 750	69 413	67 147	73 268	68 135	68 135	73 477	67 050	73 451
Total operating transfers and grants - CTBM	2	(2 307)	796	44	(147)	-	-	-	-	-
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		30 708	34 763	21 702	26					
Current year receipts		29 404	36 727	8 034	25 835	20 996	20 996	28 311	30 660	23 225
Conditions met - transferred to revenue		22 101	44 211	29 710	21 931	20 996	20 996	28 311	30 660	23 225
Conditions still to be met - transferred to liabilities		38 011	27 280	26	3 931	-	-	-	-	-
Provincial Government:										
Balance unspent at beginning of the year		402	6 708	595	3 886					
Current year receipts		177	2 503	20 734	-	5 391	5 391	3 509	-	-
Conditions met - transferred to revenue		1 419	6 120	17 426	3 886	5 391	5 391	3 509	-	-
Conditions still to be met - transferred to liabilities		402	3 091	3 903	-	-	-	-	-	-
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts		-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
Other grant providers:										
Balance unspent at beginning of the year		1 629		(159)	18					
Current year receipts		11 490	1 938	5 537	-	590	590	-	-	-
Conditions met - transferred to revenue		14 359	1 809	5 567	18	590	590	-	-	-
Conditions still to be met - transferred to liabilities		(1 240)	129	(189)	-	-	-	-	-	-
Total capital transfers and grants revenue		37 878	52 140	52 703	25 835	26 977	26 977	31 819	30 660	23 225
Total capital transfers and grants - CTBM	2	37 174	30 500	3 740	3 931	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE		104 629	121 552	119 850	99 103	95 112	95 112	105 296	97 710	96 676
TOTAL TRANSFERS AND GRANTS - CTBM		31 876	31 297	3 784	3 784	-	-	-	-	-

2.8 Councillors and employee benefits

Table 47 MBRR SA22 - Summary of councillors and staff benefits

Summary of Employee and Councillor remuneration R thousand	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)	1									
Basic Salaries and Wages		6 366	-	7 011	7 949	7 500	7 500	7 697	8 427	8 933
Pension and UIF Contributions		439	-	505	619	633	633	924	711	753
Medical Aid Contributions							-			
Motor Vehicle Allowance							-			
Cellphone Allowance							-			
Housing Allowances							-			
Other benefits and allowances							-			
Sub Total - Councillors		6 804	-	7 516	8 568	8 133	8 133	8 621	9 138	9 686
% increase	4		(100.0%)	-	14.0%	(5.1%)	-	6.0%	6.0%	6.0%
Senior Managers of the Municipality	2									
Basic Salaries and Wages					8 671	6 568	6 568	6 962	7 380	7 823
Pension and UIF Contributions					-	830	830	880	932	988
Medical Aid Contributions					-	110	110	116	123	130
Overtime										
Performance Bonus		428	-	622	626	1 040	1 040	1 086	1 169	1 239
Motor Vehicle Allowance					-	987	987	1 046	1 109	1 175
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3				-	41	41	43	46	49
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Municipality		428	-	622	9 297	9 575	9 575	10 133	10 759	11 404
% increase	4		(100.0%)	-	1 393.7%	3.0%	-	5.8%	6.2%	6.0%
Other Municipal Staff										
Basic Salaries and Wages		141 628	-	141 401	118 090	136 679	136 679	147 555	156 436	165 818
Pension and UIF Contributions		20 934	-	22 937	19 049	23 186	23 186	24 249	25 704	27 246
Medical Aid Contributions		9 631	-	11 103	9 115	11 668	11 668	12 159	12 889	13 662
Overtime		8 447	-	10 522	9 829	13 007	13 007	13 761	14 586	15 462
Performance Bonus		-	-	-	-	-	-	17	-	-
Motor Vehicle Allowance	3	-	-	3 484	2 868	2 116	2 116	2 183	2 314	2 453
Cellphone Allowance	3						-			
Housing Allowances	3	336	-	281	247	1 724	1 724	1 796	1 904	2 018
Other benefits and allowances	3	2 979	-	7 745	5 353	7 679	7 679	8 101	8 587	9 102
Payments in lieu of leave							-			
Long service awards		-	-	-	242	-	-	-	-	-
Post-retirement benefit obligations	6						-			
Sub Total - Other Municipal Staff		183 956	-	197 474	164 794	196 060	196 060	209 820	222 420	235 761
% increase	4		(100.0%)	-	(16.5%)	19.0%	-	7.0%	6.0%	6.0%
Total Parent Municipality		191 188	-	205 612	182 659	213 768	213 768	228 574	242 316	256 851
TOTAL SALARY, ALLOWANCES & BENEFITS		191 188	-	205 612	182 659	213 768	213 768	228 574	242 316	256 851
% increase	4		(100.0%)	-	(11.2%)	17.0%	-	6.9%	6.0%	6.0%
TOTAL MANAGERS AND STAFF	5,7	184 384	-	198 096	174 091	205 635	205 635	219 953	233 179	247 165

**Table 48 MBRR SA23 - Salaries, allowances and benefits
(Political office bearers/councillors/ senior managers)**

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
Councillors	3							
Speaker	4		664 915	–				664 915
Chief Whip			–					–
Executive Mayor			682 969	120 524				803 493
Deputy Executive Mayor			–					–
Executive Committee			1 314 012	106 541				1 420 553
Total for all other councillors			5 035 105	696 479				5 731 584
Total Councillors	8	–	7 697 000	923 545	–			8 620 545
Senior Managers of the Municipality	5							
Municipal Manager (MM)			1 766 164			211 940		1 978 104
Chief Finance Officer			1 213 562			145 627		1 359 189
Director: Corporate Services			1 213 562			145 627		1 359 189
Director: Development Services			1 213 562			145 627		1 359 189
Director: Electro Mechanical Services			1 213 562			145 627		1 359 189
Director: Civil Engineering Services			1 213 562			145 627		1 359 189
Director: Planning and Development			1 213 562			145 627		1 359 189
Total Senior Managers of the Municipality	8,10	–	9 047 536	–	–	1 085 702		10 133 238
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	10	–	16 744 536	923 545	–	1 085 702		18 753 783

Table 49 MBRR SA24 – Summary of personnel numbers

Summary of Personnel Numbers		Ref	2014/15			Current Year 2015/16			Budget Year 2016/17			
Number		1,2	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	
Municipal Council and Boards of Municipal Entities												
Councillors (Political Office Bearers plus Other Councillors)			27	–	27	27	–	27	27		27	
Board Members of municipal entities		4	–	–	–	–	–	–				
Municipal employees												
Municipal Manager and Senior Managers		3	7	5	2	7	5	2	7	6	1	
Other Managers		7	19	19	1	19	19	1	13	13		
Professionals			39	38	–	41	41	–	41	41	–	
Finance			11	11	–	14	14	–	14	14	–	
Spatial/town planning			2	2	–	2	2	–	2	2	–	
Information Technology			–	–	–	–	–	–	–	–	–	
Roads			–	–	–	–	–	–	–	–	–	
Electricity			1	–	–	–	–	–	–	–	–	
Water			–	–	–	–	–	–	–	–	–	
Sanitation			–	–	–	–	–	–	–	–	–	
Refuse			–	–	–	–	–	–	–	–	–	
Other			25	25	–	25	25	–	25	25	–	
Technicians			91	85	–	91	89	–	90	90	–	
Finance			–	–	–	–	–	–			–	
Spatial/town planning			4	4	–	4	4	–	4	4	–	
Information Technology			6	4	–	6	5	–	5	5	–	
Roads			11	11	–	11	11	–	11	11	–	
Electricity			11	11	–	11	11	–	11	11	–	
Water			10	7	–	10	9	–	10	10	–	
Sanitation			3	2	–	3	3	–	3	3	–	
Refuse			3	3	–	3	3	–	3	3	–	
Other			43	43	–	43	43	–	43	43	–	
Clerks (Clerical and administrative)			157	157	–	166	166	–	162	162	–	
Service and sales workers			120	110	–	120	115	–	120	120	–	
Skilled agricultural and fishery workers			3	3	–	4	4	–	4	4	–	
Craft and related trades			3	3	–	3	3	–	3	3	–	
Plant and Machine Operators			74	74	–	74	74	–	52	52	–	
Elementary Occupations			397	394	–	397	397	–	371	371	–	
TOTAL PERSONNEL NUMBERS			9	937	888	30	949	913	30	890	862	28
% increase						1.3%	2.8%	–	(6.2%)	(5.6%)	(6.7%)	
Total municipal employees headcount			6, 10									
Finance personnel headcount			8, 10									
Human Resources personnel headcount			8, 10									

2.9 Monthly targets for revenue, expenditure and cash flow

Table 50 MBRR SA25 - Budgeted monthly revenue and expenditure

Description		Ref	Budget Year 2016/17											Medium Term Revenue and Expenditure Framework			
R thousand			July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue By Source																	
Property rates			7 017	7 017	7 017	7 017	7 017	7 017	7 017	7 017	7 017	7 017	7 017	7 017	84 201	90 095	96 402
Service charges - electricity revenue			22 308	22 308	22 308	22 308	22 308	22 308	22 308	22 308	22 308	22 308	22 308	22 308	267 694	288 222	310 323
Service charges - water revenue			4 269	4 269	4 269	4 269	4 269	4 269	4 269	4 269	4 269	4 269	4 269	4 269	51 232	54 824	58 668
Service charges - sanitation revenue			2 248	2 248	2 248	2 248	2 248	2 248	2 248	2 248	2 248	2 248	2 248	2 248	26 974	28 947	31 063
Service charges - refuse revenue			1 845	1 845	1 845	1 845	1 845	1 845	1 845	1 845	1 845	1 845	1 845	1 845	22 144	23 784	25 544
Rental of facilities and equipment			712	712	712	712	712	712	712	712	712	712	712	712	8 538	9 050	9 594
Interest earned - external investments			50	50	50	50	50	50	50	50	50	50	50	50	600	636	674
Interest earned - outstanding debtors			250	250	250	250	250	250	250	250	250	250	250	250	3 000	3 180	3 371
Fines			45	45	45	45	45	45	45	45	45	45	45	45	541	574	608
Licences and permits			132	132	132	132	132	132	132	132	132	132	132	132	1 583	1 678	1 779
Agency services			359	359	359	359	359	359	359	359	359	359	359	359	4 307	3 876	4 109
Transfers recognised - operational			6 123	6 123	6 123	6 123	6 123	6 123	6 123	6 123	6 123	6 123	6 123	6 123	73 477	67 050	73 451
Other revenue			1 105	1 105	1 105	1 105	1 105	1 105	1 105	1 105	1 105	1 105	1 105	1 105	13 264	14 060	14 904
Gains on disposal of PPE			1 517	1 517	1 517	1 517	1 517	1 517	1 517	1 517	1 517	1 517	1 517	1 517	18 200	3 212	3 405
Total Revenue (excluding capital transfers and contributions)			47 980	47 980	47 980	47 980	47 980	47 980	47 980	47 980	47 980	47 980	47 980	47 980	575 755	589 189	633 894
Expenditure By Type																	
Employee related costs			18 329	18 329	18 329	18 329	18 329	18 329	18 329	18 329	18 329	18 329	18 329	18 329	219 953	233 179	247 165
Remuneration of councillors			718	718	718	718	718	718	718	718	718	718	718	718	8 621	9 138	9 686
Debt impairment			417	417	417	417	417	417	417	417	417	417	417	417	5 000	5 300	5 618
Depreciation & asset impairment			6 890	6 890	6 890	6 890	6 890	6 890	6 890	6 890	6 890	6 890	6 890	6 890	82 680	86 814	91 154
Finance charges			1 248	1 248	1 248	1 248	1 248	1 248	1 248	1 248	1 248	1 248	1 248	1 248	14 978	12 245	11 337
Bulk purchases			15 741	15 741	15 741	15 741	15 741	15 741	15 741	15 741	15 741	15 741	15 741	15 741	188 887	203 686	219 645
Other materials			1 495	1 495	1 495	1 495	1 495	1 495	1 495	1 495	1 495	1 495	1 495	1 495	17 937	17 745	18 810
Contracted services			597	597	597	597	597	597	597	597	597	597	597	597	7 169	7 170	7 589
Transfers and grants			9	9	9	9	9	9	9	9	9	9	9	9	110	117	124
Other expenditure			5 598	5 598	5 598	5 598	5 598	5 598	5 598	5 598	5 598	5 598	5 598	5 598	67 178	65 944	65 963
Total Expenditure			51 043	51 043	51 043	51 043	51 043	51 043	51 043	51 043	51 043	51 043	51 043	51 043	612 513	641 338	677 091
Surplus/(Deficit)			(3 063)	(3 063)	(3 063)	(3 063)	(3 063)	(3 063)	(3 063)	(3 063)	(3 063)	(3 063)	(3 063)	(3 063)	(36 758)	(52 149)	(43 196)
Transfers recognised - capital			2 652	2 652	2 652	2 652	2 652	2 652	2 652	2 652	2 652	2 652	2 652	2 652	31 819	30 660	23 225
Surplus/(Deficit) after capital transfers & contributions			(412)	(412)	(412)	(412)	(412)	(412)	(412)	(412)	(412)	(412)	(412)	(412)	(4 939)	(21 489)	(19 972)
Taxation															-	-	-
Attributable to minorities															-	-	-
Share of surplus/ (deficit) of associate															-	-	-
Surplus/(Deficit)			1	(412)	(412)	(412)	(412)	(412)	(412)	(412)	(412)	(412)	(412)	(412)	(4 939)	(21 489)	(19 972)

Table 51 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand																
Revenue by Vote																
Vote 1 - Municipal Manager		13	13	13	13	13	13	13	13	13	13	13	13	150	159	169
Vote 2 - Corporate Services		1 755	1 755	1 755	1 755	1 755	1 755	1 755	1 755	1 755	1 755	1 755	1 755	21 065	6 249	6 624
Vote 3 - Financial Services		14 989	14 989	14 989	14 989	14 989	14 989	14 989	14 989	14 989	14 989	14 989	14 989	179 868	186 040	198 539
Vote 4 - Community Services		2 780	2 780	2 780	2 780	2 780	2 780	2 780	2 780	2 780	2 780	2 780	2 780	33 363	35 688	38 156
Vote 5 - Technical Director		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Electro Mech Services		22 863	22 863	22 863	22 863	22 863	22 863	22 863	22 863	22 863	22 863	22 863	22 863	274 354	293 187	310 907
Vote 7 - Civil Engineering Services		7 248	7 248	7 248	7 248	7 248	7 248	7 248	7 248	7 248	7 248	7 248	7 248	86 972	87 780	90 110
Vote 8 - Development and Planning Services		984	984	984	984	984	984	984	984	984	984	984	984	11 803	10 745	12 614
Total Revenue by Vote		50 631	50 631	50 631	50 631	50 631	50 631	50 631	50 631	50 631	50 631	50 631	50 631	607 574	619 849	657 119
Expenditure by Vote to be appropriated																
Vote 1 - Municipal Manager		2 690	2 690	2 690	2 690	2 690	2 690	2 690	2 690	2 690	2 690	2 690	2 690	32 275	34 211	36 263
Vote 2 - Corporate Services		2 547	2 547	2 547	2 547	2 547	2 547	2 547	2 547	2 547	2 547	2 547	2 547	30 560	32 326	34 196
Vote 3 - Financial Services		2 574	2 574	2 574	2 574	2 574	2 574	2 574	2 574	2 574	2 574	2 574	2 574	30 891	32 742	34 704
Vote 4 - Community Services		9 158	9 158	9 158	9 158	9 158	9 158	9 158	9 158	9 158	9 158	9 158	9 158	109 892	116 448	123 361
Vote 5 - Technical Director		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Electro Mech Services		19 549	19 549	19 549	19 549	19 549	19 549	19 549	19 549	19 549	19 549	19 549	19 549	234 585	249 321	267 060
Vote 7 - Civil Engineering Services		12 625	12 625	12 625	12 625	12 625	12 625	12 625	12 625	12 625	12 625	12 625	12 625	151 506	152 485	156 381
Vote 8 - Development and Planning Services		1 900	1 900	1 900	1 900	1 900	1 900	1 900	1 900	1 900	1 900	1 900	1 900	22 804	23 805	25 124
Total Expenditure by Vote		51 043	51 043	51 043	51 043	51 043	51 043	51 043	51 043	51 043	51 043	51 043	51 043	612 513	641 338	677 091
Surplus/(Deficit) before assoc.		(412)	(412)	(412)	(412)	(412)	(412)	(412)	(412)	(412)	(412)	(412)	(412)	(4 939)	(21 489)	(19 972)
Taxation														-	-	-
Attributable to minorities														-	-	-
Share of surplus/ (deficit) of associate														-	-	-
Surplus/(Deficit)	1	(412)	(412)	(412)	(412)	(412)	(412)	(412)	(412)	(412)	(412)	(412)	(412)	(4 939)	(21 489)	(19 972)

Table 52 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue - Standard																
Governance and administration		16 758	16 758	16 758	16 758	16 758	16 758	16 758	16 758	16 758	16 758	16 758	16 758	201 093	192 459	205 343
Executive and council		13	13	13	13	13	13	13	13	13	13	13	13	150	159	169
Budget and treasury office		14 989	14 989	14 989	14 989	14 989	14 989	14 989	14 989	14 989	14 989	14 989	14 989	179 868	186 040	198 539
Corporate services		1 756	1 756	1 756	1 756	1 756	1 756	1 756	1 756	1 756	1 756	1 756	1 756	21 075	6 260	6 635
Community and public safety		1 944	1 944	1 944	1 944	1 944	1 944	1 944	1 944	1 944	1 944	1 944	1 944	23 324	21 952	18 584
Community and social services		199	199	199	199	199	199	199	199	199	199	199	199	2 384	2 554	2 703
Sport and recreation		1 049	1 049	1 049	1 049	1 049	1 049	1 049	1 049	1 049	1 049	1 049	1 049	12 587	11 247	7 244
Public safety		520	520	520	520	520	520	520	520	520	520	520	520	6 236	6 610	7 007
Housing		54	54	54	54	54	54	54	54	54	54	54	54	650	—	—
Health		122	122	122	122	122	122	122	122	122	122	122	122	1 467	1 540	1 630
Economic and environmental services		1 211	1 211	1 211	1 211	1 211	1 211	1 211	1 211	1 211	1 211	1 211	1 211	14 538	9 050	6 946
Planning and development		486	486	486	486	486	486	486	486	486	486	486	486	5 828	5 100	6 630
Road transport		726	726	726	726	726	726	726	726	726	726	726	726	8 710	3 950	316
Environmental protection		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Trading services		30 718	30 718	30 718	30 718	30 718	30 718	30 718	30 718	30 718	30 718	30 718	30 718	368 619	396 387	426 245
Electricity		22 351	22 351	22 351	22 351	22 351	22 351	22 351	22 351	22 351	22 351	22 351	22 351	268 214	288 773	310 907
Water		4 270	4 270	4 270	4 270	4 270	4 270	4 270	4 270	4 270	4 270	4 270	4 270	51 238	54 830	58 674
Waste water management		2 252	2 252	2 252	2 252	2 252	2 252	2 252	2 252	2 252	2 252	2 252	2 252	27 024	29 001	31 120
Waste management		1 845	1 845	1 845	1 845	1 845	1 845	1 845	1 845	1 845	1 845	1 845	1 845	22 144	23 784	25 544
Other		0	0	0	0	0	0	0	0	0	0	0	0	1	1	1
Total Revenue - Standard		50 631	50 631	50 631	50 631	50 631	50 631	50 631	50 631	50 631	50 631	50 631	50 631	607 574	619 849	657 119
Expenditure - Standard																
Governance and administration		9 392	9 392	9 392	9 392	9 392	9 392	9 392	9 392	9 392	9 392	9 392	9 392	112 709	119 203	126 245
Executive and council		2 690	2 690	2 690	2 690	2 690	2 690	2 690	2 690	2 690	2 690	2 690	2 690	32 275	34 211	36 263
Budget and treasury office		2 574	2 574	2 574	2 574	2 574	2 574	2 574	2 574	2 574	2 574	2 574	2 574	30 891	32 742	34 704
Corporate services		4 129	4 129	4 129	4 129	4 129	4 129	4 129	4 129	4 129	4 129	4 129	4 129	49 543	52 249	55 278
Community and public safety		6 072	6 072	6 072	6 072	6 072	6 072	6 072	6 072	6 072	6 072	6 072	6 072	72 866	77 210	81 750
Community and social services		785	785	785	785	785	785	785	785	785	785	785	785	9 425	10 013	10 604
Sport and recreation		2 742	2 742	2 742	2 742	2 742	2 742	2 742	2 742	2 742	2 742	2 742	2 742	32 902	34 837	36 856
Public safety		2 163	2 163	2 163	2 163	2 163	2 163	2 163	2 163	2 163	2 163	2 163	2 163	25 958	27 508	29 150
Housing		284	284	284	284	284	284	284	284	284	284	284	284	3 409	3 613	3 829
Health		98	98	98	98	98	98	98	98	98	98	98	98	1 172	1 239	1 310
Economic and environmental services		5 714	5 714	5 714	5 714	5 714	5 714	5 714	5 714	5 714	5 714	5 714	5 714	68 567	65 996	65 391
Planning and development		1 455	1 455	1 455	1 455	1 455	1 455	1 455	1 455	1 455	1 455	1 455	1 455	17 458	18 031	18 994
Road transport		4 259	4 259	4 259	4 259	4 259	4 259	4 259	4 259	4 259	4 259	4 259	4 259	51 109	47 965	46 397
Environmental protection		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Trading services		29 713	29 713	29 713	29 713	29 713	29 713	29 713	29 713	29 713	29 713	29 713	29 713	356 552	377 001	401 661
Electricity		19 286	19 286	19 286	19 286	19 286	19 286	19 286	19 286	19 286	19 286	19 286	19 286	231 428	246 270	263 891
Water		4 770	4 770	4 770	4 770	4 770	4 770	4 770	4 770	4 770	4 770	4 770	4 770	57 234	59 352	62 326
Waste water management		3 165	3 165	3 165	3 165	3 165	3 165	3 165	3 165	3 165	3 165	3 165	3 165	37 976	39 684	41 860
Waste management		2 493	2 493	2 493	2 493	2 493	2 493	2 493	2 493	2 493	2 493	2 493	2 493	29 913	31 696	33 584
Other		152	152	152	152	152	152	152	152	152	152	152	152	1 819	1 928	2 044
Total Expenditure - Standard		51 043	51 043	51 043	51 043	51 043	51 043	51 043	51 043	51 043	51 043	51 043	51 043	612 513	641 338	677 091
Surplus/(Deficit) before assoc.		(412)	(412)	(412)	(412)	(412)	(412)	(412)	(412)	(412)	(412)	(412)	(412)	(4 939)	(21 489)	(19 972)
Share of surplus/ (deficit) of associate		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit)	1	(412)	(412)	(412)	(412)	(412)	(412)	(412)	(412)	(412)	(412)	(412)	(412)	(4 939)	(21 489)	(19 972)

Table 53 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Multi-year expenditure to be appropriated	1															
Vote 1 - Municipal Manager		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Financial Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Community Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Technical Director		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Electro Mech Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Civil Engineering Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Development and Planning Services		774	774	774	774	774	774	774	774	774	774	774	774	9 290	20 397	21 470
Capital multi-year expenditure sub-total	2	774	774	774	774	774	774	774	774	774	774	774	774	9 290	20 397	21 470
Single-year expenditure to be appropriated																
Vote 1 - Municipal Manager		125	125	125	125	125	125	125	125	125	125	125	125	1 500	1 590	1 685
Vote 2 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Financial Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Community Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Technical Director		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Electro Mech Services		3 150	3 150	3 150	3 150	3 150	3 150	3 150	3 150	3 150	3 150	3 150	3 150	37 799	17 726	8 919
Vote 7 - Civil Engineering Services		1 769	1 769	1 769	1 769	1 769	1 769	1 769	1 769	1 769	1 769	1 769	1 769	21 229	-	-
Vote 8 - Development and Planning Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	2	5 044	5 044	5 044	5 044	5 044	5 044	5 044	5 044	5 044	5 044	5 044	5 044	60 528	19 316	10 605
Total Capital Expenditure	2	5 818	5 818	5 818	5 818	5 818	5 818	5 818	5 818	5 818	5 818	5 818	5 818	69 818	39 713	32 075

Table 54 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand																
Capital Expenditure - Standard	1															
Governance and administration		1 879	1 879	1 879	1 879	1 879	1 879	1 879	1 879	1 879	1 879	1 879	1 879	22 552	12 969	7 953
Executive and council		635	635	635	635	635	635	635	635	635	635	635	635	7 614	5 976	1 685
Budget and treasury office		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corporate services		1 245	1 245	1 245	1 245	1 245	1 245	1 245	1 245	1 245	1 245	1 245	1 245	14 938	6 993	6 268
Community and public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community and social services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		774	774	774	774	774	774	774	774	774	774	774	774	9 290	20 397	21 470
Planning and development		774	774	774	774	774	774	774	774	774	774	774	774	9 290	20 397	21 470
Road transport		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading services		3 165	3 165	3 165	3 165	3 165	3 165	3 165	3 165	3 165	3 165	3 165	3 165	37 976	6 347	2 651
Electricity		1 396	1 396	1 396	1 396	1 396	1 396	1 396	1 396	1 396	1 396	1 396	1 396	16 747	6 347	2 651
Water		573	573	573	573	573	573	573	573	573	573	573	573	6 877	-	-
Waste water management		1 196	1 196	1 196	1 196	1 196	1 196	1 196	1 196	1 196	1 196	1 196	1 196	14 352	-	-
Waste management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	2	5 818	5 818	5 818	5 818	5 818	5 818	5 818	5 818	5 818	5 818	5 818	5 818	69 818	39 713	32 075
Funded by:																
National Government		2 359	2 359	2 359	2 359	2 359	2 359	2 359	2 359	2 359	2 359	2 359	2 359	28 311	30 660	23 225
Provincial Government		292	292	292	292	292	292	292	292	292	292	292	292	3 509	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital		2 652	2 652	2 652	2 652	2 652	2 652	2 652	2 652	2 652	2 652	2 652	2 652	31 819	30 660	23 225
Public contributions & donations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds		3 167	3 167	3 167	3 167	3 167	3 167	3 167	3 167	3 167	3 167	3 167	3 167	37 998	9 053	8 850
Total Capital Funding		5 818	5 818	5 818	5 818	5 818	5 818	5 818	5 818	5 818	5 818	5 818	5 818	69 818	39 713	32 075

Table 55 MBRR SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Cash Receipts By Source															
Property rates	6 460	6 460	6 460	6 460	6 460	6 460	6 460	6 460	6 460	6 460	6 460	6 460	77 516	79 445	85 434
Service charges - electricity revenue	22 308	22 308	22 308	22 308	22 308	22 308	22 308	22 308	22 308	22 308	22 308	22 308	267 694	288 222	310 323
Service charges - water revenue	4 269	4 269	4 269	4 269	4 269	4 269	4 269	4 269	4 269	4 269	4 269	4 269	51 232	54 824	58 668
Service charges - sanitation revenue	2 248	2 248	2 248	2 248	2 248	2 248	2 248	2 248	2 248	2 248	2 248	2 248	26 974	28 947	31 063
Service charges - refuse revenue	1 845	1 845	1 845	1 845	1 845	1 845	1 845	1 845	1 845	1 845	1 845	1 845	22 144	23 784	25 544
Rental of facilities and equipment	712	712	712	712	712	712	712	712	712	712	712	712	8 538	9 050	9 594
Interest earned - external investments	50	50	50	50	50	50	50	50	50	50	50	50	600	636	674
Interest earned - outstanding debtors	250	250	250	250	250	250	250	250	250	250	250	250	3 000	3 180	3 371
Fines	45	45	45	45	45	45	45	45	45	45	45	45	541	574	608
Licences and permits	132	132	132	132	132	132	132	132	132	132	132	132	1 583	1 678	1 779
Agency services	359	359	359	359	359	359	359	359	359	359	359	359	4 307	3 876	4 109
Transfer receipts - operational	6 123	6 123	6 123	6 123	6 123	6 123	6 123	6 123	6 123	6 123	6 123	6 123	73 477	67 050	73 451
Other revenue	689	689	689	689	689	689	689	689	689	689	689	689	8 264	8 760	9 286
Cash Receipts by Source	45 489	45 489	45 489	45 489	45 489	45 489	45 489	45 489	45 489	45 489	45 489	45 489	545 870	570 027	613 903
Other Cash Flows by Source															
Transfer receipts - capital	2 652	2 652	2 652	2 652	2 652	2 652	2 652	2 652	2 652	2 652	2 652	2 652	31 819	30 660	23 225
Proceeds on disposal of PPE	1 517	1 517	1 517	1 517	1 517	1 517	1 517	1 517	1 517	1 517	1 517	1 517	18 200	3 212	3 405
Increase (decrease) in consumer deposits	42	42	42	42	42	42	42	42	42	42	42	42	500	500	500
Decrease (increase) other non-current receivables	1	1	1	1	1	1	1	1	1	1	1	1	6	5	5
Total Cash Receipts by Source	49 700	49 700	49 700	49 700	49 700	49 700	49 700	49 700	49 700	49 700	49 700	49 700	596 395	604 404	641 038
Cash Payments by Type															
Employee related costs	18 329	18 329	18 329	18 329	18 329	18 329	18 329	18 329	18 329	18 329	18 329	18 329	219 953	233 179	247 165
Remuneration of councillors	718	718	718	718	718	718	718	718	718	718	718	718	8 621	9 138	9 686
Finance charges	1 248	1 248	1 248	1 248	1 248	1 248	1 248	1 248	1 248	1 248	1 248	1 248	14 978	12 245	11 337
Bulk purchases - Electricity	15 280	15 280	15 280	15 280	15 280	15 280	15 280	15 280	15 280	15 280	15 280	15 280	183 362	197 774	213 319
Bulk purchases - Water & Sewer	460	460	460	460	460	460	460	460	460	460	460	460	5 525	5 912	6 326
Other materials	1 495	1 495	1 495	1 495	1 495	1 495	1 495	1 495	1 495	1 495	1 495	1 495	17 937	17 745	18 810
Contracted services	597	597	597	597	597	597	597	597	597	597	597	597	7 169	7 170	7 589
Transfers and grants - other	9	9	9	9	9	9	9	9	9	9	9	9	110	117	124
Other expenditure	4 411	4 411	4 411	4 411	4 411	4 411	4 411	4 411	4 411	4 411	4 411	4 411	52 928	55 884	55 044
Cash Payments by Type	42 549	42 549	42 549	42 549	42 549	42 549	42 549	42 549	42 549	42 549	42 549	42 549	510 583	539 164	569 400
Other Cash Flows/Payments by Type															
Capital assets	5 818	5 818	5 818	5 818	5 818	5 818	5 818	5 818	5 818	5 818	5 818	5 818	69 818	39 713	32 075
Repayment of borrowing	824	824	824	824	824	824	824	824	824	824	824	824	9 883	9 459	8 966
Total Cash Payments by Type	49 190	49 190	49 190	49 190	49 190	49 190	49 190	49 190	49 190	49 190	49 190	49 190	590 284	588 336	610 441
NET INCREASE/(DECREASE) IN CASH HELD	509	509	509	509	509	509	509	509	509	509	509	509	6 112	16 068	30 597
Cash/cash equivalents at the month/year begin:	509	509	1 019	1 528	2 037	2 546	3 056	3 565	4 074	4 584	5 093	5 602	5 000	11 112	27 180
Cash/cash equivalents at the month/year end:	509	1 019	1 528	2 037	2 546	3 056	3 565	4 074	4 584	5 093	5 602	6 112	11 112	27 180	57 777

2.10 Annual budgets and SDBIPs – internal departments

2.10.1 Water Services Department – Vote 5

The department is primarily responsible for the distribution of potable water within the municipal boundary, which includes the purification of raw water, maintenance of the reticulation network and implementation of the departmental capital programme.

**Table 56 Water Services Department –
Operating revenue by source, expenditure by type and total capital expenditure**

Description / R thousand	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue By Source									
Service charges - water revenue	35 695	39 752	46 747	43 104	45 228	45 228	48 709	52 164	55 863
Other revenue	44	19	17	2 521	–	–	5	5	6
Total Revenue (excluding capital transfers and contributions)	35 739	39 771	46 764	45 625	45 228	45 228	48 714	52 169	55 869
Expenditure By Type									
Employee related costs	7 828	8 632	10 538	11 189	11 649	11 649	12 464	13 337	14 270
Depreciation & asset impairment	13 080	15 168	21 682	15 835	15 835	15 835	15 518	15 208	14 904
Finance charges	3 062	3 965	4 216	5 131	3 675	3 675	3 195	2 990	2 812
Bulk purchases	1 667	1 925	2 971	4 826	4 826	4 826	5 164	5 525	5 912
Contracted services	–	26	–	550	600	600	600	636	674
Other expenditure	13 294	13 294	9 248	12 725	14 373	14 373	19 009	17 500	18 550
Total Expenditure	38 931	41 775	52 237	54 158	50 959	50 959	51 990	53 648	55 481
Surplus/(Deficit)	(3 192)	(2 004)	(5 473)	(8 533)	(5 731)	(5 731)	(3 276)	(1 479)	388
Surplus/(Deficit) for the year	(3 192)	(2 004)	(5 473)	(8 533)	(5 731)	(5 731)	(3 276)	(1 479)	388

Table 57 Water Services Department – Performance objectives and indicators

Key Performance Element	Key Performance Indicator (KPI)	Annual Target	Quarter 1 - Target	Quarter 2 - Target	Quarter 3 - Target	Quarter 4 - Target
Strategic Objective: Basic Service Delivery						
Water Distribution	New meter connections - % of requests executed	100%	100%	100%	100%	100%
	Attend to leaks, bursts and queries - % of requests attended to	95%	95%	95%	95%	95%
	Prepaid Meters installed - % of requests executed	100%	100%	100%	100%	100%
	Meter replacements - % of faulty meters replaced	100%	100%	100%	100%	100%
Water Purification	Purify raw water compliant with blue drop status	95%	N/A	N/A	N/A	95%

Water services consist of 2 divisions within the sub-directorate; civil engineering services. As part of the performance objectives for the 2016/2017 financial year, the expansion of the functional water distribution unit will, in terms of the management of the pre-paid meters, require the subsequent filling of vacancies.

Significant capital projects to be undertaken over the medium term includes, amongst others:

- Installation of water meters – R 7.2 million;

The total needs are far greater than the available financial resources.

The departmental strategy is ensuring the economic value and useful life of the water reticulation network and infrastructure is maintained. To this end, the medium-term expenditure framework provides for operational repairs and maintenance of R 2.0 million, R 2.1 million and R 2.2 million in each of the respective financial years of the MTREF.

The departmental revenue base is primarily informed by the sale of water of which budget appropriation for the 2016/2017 financial year is R 51.2 million and increases to R 58.6 million by 2018/2019 and has been informed by a collection rate of 98.0% and distribution losses of over 38%. The reduction of distribution losses is considered a priority and hence the departmental objectives and targets provide for an efficiency gain per annum.

2.11 Contracts having future budgetary implications

In terms of the municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

2.12 Capital expenditure details

The following three tables present details of the municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

Table 58 MBRR SA34a - Capital expenditure on new assets by asset class

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
R thousand	1										
Capital expenditure on new assets by Asset Class/Sub-class											
Infrastructure	2	37 796	72 897	63 903	15 635	25 592	25 592	36 513 762	26 181	24 072	
Infrastructure - Road transport		14 347	22 485	16 494	1 725	1 822	1 822	170 687	18 883	–	
Roads, Pavements & Bridges		14 347	22 485	16 494	1 725	1 822	1 822	170 687	18 883	–	
Storm water					–	–	–				
Infrastructure - Electricity		21 714	13 591	10 599	11 758	12 357	12 357	16 697 238	6 297	2 601	
Generation					–	–	–				
Transmission & Reticulation		21 714	13 591	10 599	11 758	12 357	12 357	16 697 238	6 297	2 601	
Street Lighting					–	–	–				
Infrastructure - Water		1 262	25 058	25 002	1 652	10 842	10 842	5 877 193	1 001	3 730	
Dams & Reservoirs					–	287	287				
Water purification					1 652	–	–				
Reticulation		1 262	25 058	25 002	–	10 555	10 555	5 877 193	1 001	3 730	
Infrastructure - Sanitation		472	9 247	10 747	–	570	570	13 768 644	–	17 741	
Reticulation					–	570	570	13 768 644		17 741	
Sewerage purification		472	9 247	10 747	–	–	–				
Infrastructure - Other		–	2 515	1 062	500	–	–	–	–	–	
Waste Management			2 515		–	–	–				
Transportation				1 062	–	–	–				
Gas					–	–	–				
Other		3	–	–		500	–	–			
Community			11 922	9 889	6 508	16 318	4 273	4 273	9 118 980	513	–
Parks & gardens		7	7 547	3 671	41	9 417	677	677	5 813 069	513	
Sportsfields & stadia			2 601	6 218	3 852	6 901	3 595	3 595	3 305 911		
Swimming pools						–	–	–			
Community halls						–	–	–			
Libraries						–	–	–			
Recreational facilities					2 615	–	–	–			
Fire, safety & emergency						–	–	–			
Security and policing						–	–	–			
Buses						–	–	–			
Clinics						–	–	–			
Museums & Art Galleries						–	–	–			
Cemeteries			8	–	–		–	–	–		
Social rental housing						–	–	–			
Other				1 773	–		–	–	–		
Heritage assets	9		–	–	–	–	–	–	–	–	–
Buildings					–	–	–				
Other					–	–	–				
Investment properties		–	–	–	–	–	–	–	–	–	
Housing development					–	–	–				
Other					–	–	–				
Other assets	10	17 490	6 238	1 207	2 691	7 396	7 396	1 550 000	–	–	
General vehicles		5 205	1 719		–	–	–	550 000			
Specialised vehicles		806	–	500	–	–	–	–	–	–	
Plant & equipment		767	1 459	168	–	5 122	5 122	1 000 000			
Computers - hardware/equipment		–	–	–	800	1 172	1 172				
Furniture and other office equipment		494	159	230	–	194	194				
Abattoirs					–	–	–				
Markets					–	–	–				
Civic Land and Buildings					–	–	–				
Other Buildings		5 848	2 866	31	391	650	650				
Other Land					–	259	259				
Surplus Assets - (Investment or Inventory)					–	–	–				
Other		4 370	35	278	1 500	–	–				
Agricultural assets			–	–	–	–	–	–	–	–	
List sub-class						–	–	–			
					–	–	–				
Biological assets		–	–	–	–	–	–	–	–		
List sub-class					–	–	–				
					–	–	–				
Intangibles		460	–	83	–	–	–	–	–	–	
Computers - software & programming		460	–	83	–	–	–				
Other (list sub-class)					–	–	–				
Total Capital Expenditure on new assets	1	67 667	89 023	71 702	34 644	37 261	37 261	47 183	26 694	24 072	

Table 59 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1									
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
Infrastructure		6 859	6 359	127	1 608	12 444	12 444	6 747	4 436	50
Infrastructure - Road transport		6 454	5 866	(178)	–	60	60	–	–	–
Roads, Pavements & Bridges		6 454	5 866	(178)	–	60	60			
Storm water					–	–	–			
Infrastructure - Electricity		–	–	–	1 608	11 189	11 189	6 164	4 436	50
Generation					–	–	–			
Transmission & Reticulation				–	1 608	11 189	11 189	6 164	4 436	50
Street Lighting					–	–	–			
Infrastructure - Water		327	227	–	–	–	–	–	–	–
Dams & Reservoirs				–	–	–	–			
Water purification					–	–	–			
Reticulation		327	227	–	–	–	–			
Infrastructure - Sanitation		78	266	305	–	1 195	1 195	583	–	–
Reticulation		78	266	305	–	1 195	1 195	133		
Sewerage purification					–	–	–	450		
Infrastructure - Other		–	–	–	–	–	–	–	–	–
Waste Management					–	–	–			
Transportation	2				–	–	–			
Gas					–	–	–			
Other	3				–	–	–			
Community		–	25	–	–	–	–	–	–	–
Parks & gardens			25		–	–	–			
Sportsfields & stadia					–	–	–			
Swimming pools					–	–	–			
Community halls					–	–	–			
Libraries					–	–	–			
Recreational facilities					–	–	–			
Fire, safety & emergency					–	–	–			
Security and policing					–	–	–			
Buses	7				–	–	–			
Clinics					–	–	–			
Museums & Art Galleries					–	–	–			
Cemeteries					–	–	–			
Social rental housing	8				–	–	–			
Other					–	–	–			
Heritage assets		–	–	–	–	–	–	–	–	–
Buildings					–	–	–			
Other	9				–	–	–			
Investment properties		–	–	–	–	–	–	–	–	–
Housing development					–	–	–			
Other					–	–	–			
Other assets		184	1 342	22	–	1 394	1 394	15 888	8 583	7 953
General vehicles			1 327		–	932	932	10 525	6 735	6 060
Specialised vehicles		–	–	–	–	–	–	3 509	–	–
Plant & equipment					–	122	122	354	258	208
Computers - hardware/equipment					–	27	27			
Furniture and other office equipment		95	6	17	–	113	113			
Abattoirs					–	–	–			
Markets					–	–	–			
Civic Land and Buildings					–	–	–			
Other Buildings					–	–	–			
Other Land					–	–	–			
Surplus Assets - (Investment or Inventory)					–	–	–			
Other		89	9	6	–	200	200	1 500	1 590	1 685
Agricultural assets		–	–	–	–	–	–	–	–	–
List sub-class					–	–	–			
Biological assets		–	–	–	–	–	–	–	–	–
List sub-class					–	–	–			
Intangibles		–	–	–	–	–	–	–	–	–
Computers - software & programming					–	–	–			
Other (list sub-class)					–	–	–			
Total Capital Expenditure on renewal of existing	1	7 043	7 726	149	1 608	13 837	13 837	22 635	13 019	8 003

Table 60 MBRR SA34c - Repairs and maintenance expenditure by asset class

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1									
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		2 567	2 244	1 724	7 895	6 929	6 929	7 996	7 207	7 640
Infrastructure - Road transport		478	570	497	1 032	972	972	1 177	1 247	1 322
Roads, Pavements & Bridges		478	570	497	1 032	972	972	1 177	1 247	1 322
Storm water		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		1 387	489	357	3 201	2 792	2 792	2 905	1 811	1 920
Generation		-	-	-	-	-	-	-	-	-
Transmission & Reticulation		1 387	489	357	3 201	2 792	2 792	2 905	1 811	1 920
Street Lighting		-	-	-	-	-	-	-	-	-
Infrastructure - Water		611	844	644	1 980	1 888	1 888	2 099	2 225	2 358
Dams & Reservoirs		-	-	-	-	-	-	-	-	-
Water purification		-	-	-	-	-	-	-	-	-
Reticulation		611	844	644	1 980	1 888	1 888	2 099	2 225	2 358
Infrastructure - Sanitation		71	335	221	1 635	1 247	1 247	1 755	1 860	1 971
Reticulation		71	335	221	176	167	167	207	220	233
Sewerage purification		-	-	-	1 460	1 080	1 080	1 547	1 640	1 738
Infrastructure - Other		20	7	5	48	29	29	61	64	68
Waste Management		20	7	5	38	29	29	41	43	46
Transportation		-	-	-	-	-	-	-	-	-
Gas		-	-	-	-	-	-	-	-	-
Other		-	-	-	10	-	-	20	21	22
Community		418	301	105	1 486	1 234	1 234	1 308	1 386	1 470
Parks & gardens		157	170	6	284	224	224	223	236	250
Sportsfields & stadia		140	78	47	218	173	173	222	236	250
Swimming pools		-	-	-	126	128	128	133	141	149
Community halls		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	38	26	26	55	59	62
Recreational facilities		114	50	50	471	404	404	561	594	630
Fire, safety & emergency		-	-	-	257	227	227	69	73	78
Security and policing		-	-	-	40	25	25	16	17	18
Buses		-	-	-	-	-	-	-	-	-
Clinics		-	-	-	25	-	-	-	-	-
Museums & Art Galleries		-	-	-	-	-	-	-	-	-
Cemeteries		-	-	-	26	28	28	29	31	33
Social rental housing		-	-	-	-	-	-	-	-	-
Other		7	3	1	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Housing development		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Other assets		9 650	8 010	7 468	9 377	8 145	8 145	8 634	9 152	9 701
General vehicles		6 098	4 993	5 491	5 820	6 420	6 420	6 495	6 885	7 298
Specialised vehicles		-	-	-	-	-	-	-	-	-
Plant & equipment		974	1 527	978	465	45	45	85	90	96
Computers - hardware/equipment		-	-	-	1 169	329	329	363	385	408
Furniture and other office equipment		-	-	-	-	-	-	-	-	-
Abattoirs		-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-
Civic Land and Buildings		-	-	-	-	-	-	-	-	-
Other Buildings		1 932	1 057	571	1 127	749	749	1 075	1 140	1 208
Other Land		-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-
Other		646	432	429	796	602	602	615	652	691
Agricultural assets		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Computers - software & programming		-	-	-	-	-	-	-	-	-
Other (list sub-class)		-	-	-	-	-	-	-	-	-
Total Repairs and Maintenance Expenditure	1	12 636	10 555	9 297	18 758.026	16 308.449	16 308.449	17 937	17 745	18 810

Table 61 MBRR SA35 - Future financial implications of the capital budget

Vote Description R thousand	Ref	2016/17 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Present value
Capital expenditure	1							
Vote 1 - Municipal Manager		1 500	1 590	1 685				1 685
Vote 2 - Corporate Services		-	-	-				
Vote 3 - Financial Services		-	-	-				
Vote 4 - Community Services		-	-	-				
Vote 5 - Technical Director		-	-	-				
Vote 6 - Electro Mech Services		37 799	17 726	8 919				8 919
Vote 7 - Civil Engineering Services		21 229	-	-				
Vote 8 - Development and Planning Services		9 290	20 397	21 470				21 470
Total Capital Expenditure		69 818	39 713	32 075	-	-	-	32 075
Future operational costs by vote	2							
Vote 1 - Municipal Manager								
Vote 2 - Corporate Services								
Vote 3 - Financial Services								
Vote 4 - Community Services								
Vote 5 - Technical Director								
Vote 6 - Electro Mech Services								
Vote 7 - Civil Engineering Services								
Vote 8 - Development and Planning Services								
Total future operational costs		-	-	-	-	-	-	-
Future revenue by source	3							
Property rates								
Property rates - penalties & collection charges								
Service charges - electricity revenue			720	891	1 228	1 360	1 507	1 669
Service charges - water revenue			3 540	3 788	4 053	4 337	4 640	4 965
Service charges - sanitation revenue								
Service charges - refuse revenue								
Service charges - other								
Rental of facilities and equipment								
List other revenues sources if applicable								
List entity summary if applicable								
Total future revenue		-	4 260	4 679	5 281	5 697	6 147	6 634
Net Financial Implications		69 818	35 452	27 396	(5 281)	(5 697)	(6 147)	25 441

Table 62 MBRR SA36 - Detailed capital budget per municipal vote

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code	Asset Class	Total Project Estimate	Prior year outcomes		2016/17 Medium Term Revenue & Expenditure Framework			Project information
							Audited Outcome 2014/15	Current Year 2015/16 Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	New or renewal
R thousand	4			2	3							
Parent municipality:												
<i>List all capital projects grouped by Municipal Vote</i>												
0001: Administration		AIRCONDITIONER (BEHEERKAMER)			Other	10	10					New
0001: Administration		SWEISMASJIEN			Other	1		1 313	-	-		New
0001: Administration		2 x VACUUM CLEANER			Other	15	15					New
0073: Directorate: Planning and Development		AIRCONDITIONER			Other	6		6 450	-	-		New
0073: Directorate: Planning and Development		AIRCONDITIONER (KANTOOR 52)			Other	8		8 186	-	-		New
0073: Directorate: Planning and Development		AIRCONDITIONER (KANTOOR 53)			Other	8		8 186	-	-		New
0073: Directorate: Planning and Development		AIRCONDITIONER (KANTOOR 54)			Other	8		8 186	-	-		New
0073: Directorate: Planning and Development		CREDENZA SLIDING DOOR(KANTOOR 52)			Other	2		2 363	-	-		New
0073: Directorate: Planning and Development		DEVELOPMENT OF NEW SPORT GROUNDS			Community	6 901		3 595 451	3 306	-		New
0073: Directorate: Planning and Development		ESTABLISHMENT OF PARKS IN VARIOUS AREAS			Community	6 414		87 719	5 813	513		New
0073: Directorate: Planning and Development		Extensions to Kameelmond Sewage Works			Infrastructure - Sanitation	15 109				-	15 109	New
0073: Directorate: Planning and Development		INSTALLATION OF PRE-PAID WATER METERS			Infrastructure - Water	-			-	-		New
0073: Directorate: Planning and Development		INSTALLATION OF WATER METERS (PAB,R/D&LOUISVALE)			Infrastructure - Water	775		774 588	-	-		New
0073: Directorate: Planning and Development		KALKSLOOT ACCESS ROAD (FASE 2)			Infrastructure - Road transport	282		281 811	-	-		New
0073: Directorate: Planning and Development		LESEDING ACCESS ROAD			Infrastructure - Road transport	939		938 811	-	-		New

Table 62 MBRR 36: Detailed capital budget per municipal vote (continued)

Municipal Vote/Capital project R thousand	Ref 4	Program/Project description	Project number	IDP Goal code 2	Asset Class 3	Total Project Estimate	Prior year outcomes		2016/17 Medium Term Revenue & Expenditure Framework			Project information
							Audited Outcome 2014/15	Current Year 2015/16 Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	New or renewal
0073: Directorate: Planning and Development		Melkstroom: Bulk SEWER provision			Infrastructure - Sanitation	2 632				–	2 632	New
0073: Directorate: Planning and Development		Melkstroom: Bulk water provision			Infrastructure - Water	4 730				1 001	3 730	New
0073: Directorate: Planning and Development		Melkstroom: N14 Access collector and distributor road			Infrastructure - Road transport	10 971				10 971		New
0073: Directorate: Planning and Development		OFFICE CHAIR (KANTOOR 52)			Other	1		966	–	–		New
0073: Directorate: Planning and Development		OFFICE CHAIR (KANTOOR 53)			Other	1		966	–	–		New
0073: Directorate: Planning and Development		PAULA HIGHBACK CHAIR (KANTOOR 54)			Other	1		837	–	–		New
0073: Directorate: Planning and Development		PAVING STREETS - PABALELLO			Other	8 083			171	7 912		New
0073: Directorate: Planning and Development		PEDESTAL DRAWER (MIG)			Other	3		2 754	–	–		New
0073: Directorate: Planning and Development		RAASWATER ACCESS ROAD (FASE 2)			Other	504		504 032	–	–		New
0073: Directorate: Planning and Development		SHELL DESK (MIG)			Other	2		2 314	–	–		New
0059: Electricity - Administration		ELECTRICAL SERVICES FOR CTHC			Other	256	256					New
0059: Electricity - Administration		ELECTRIFICATION OF NEW			Other	–		–	–	–		New
0059: Electricity - Administration		ELECTRIFICATION OF NEW			Other	10 008		10 007 851	–	–		New
0059: Electricity - Administration		ELECTRIFICATION PROJECTS OF			Other	184	184					New
0059: Electricity - Administration		ELECTRIFICATION PROJECTS OF			Other	963	963					New
0059: Electricity - Administration		ELECTRIFICATION PROJECTS OF			Other	950	950					New
0059: Electricity - Administration		ELECTRIFICATION PROJECTS OF			Other	3 899		–	–	1 297	2 601	New
0059: Electricity - Administration		ELECTRIFICATION PROJECTS OF			Other	7 246		–	7 246	–		New
0059: Electricity - Administration		ELECTRIFYING 200 HOUSES -			Other	1 978	1 951	26 650	–	–		New
0059: Electricity - Administration		ELECTRIFYING 200 HOUSES -			Other	1 928	1 928					New
0059: Electricity - Administration		ELECTRIFYING 89 HOUSES -			Other	458	450	8 200	–	–		New
0059: Electricity - Administration		ELECTRIFYING 89 HOUSES -			Other	704	704					New

Table 62 MBRR SA36: Detailed capital budget per municipal vote (continued)

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code 2	Asset Class	Total Project Estimate	Prior year outcomes		2016/17 Medium Term Revenue & Expenditure Framework			Project information
							Audited Outcome 2014/15	Current Year 2015/16 Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	New or renewal
R thousand	4				3							
0059: Electricity - Administration		ELEKTRISITEIT AANSLUITING ERF			Other	29		28 667	-	-		New
0059: Electricity - Administration		ELEKTRISITEIT AANSLUITING ERF			Other	29		28 667	-	-		New
0059: Electricity - Administration		ELEKTRISITEIT AANSLUITING ERF			Other	29		28 667	-	-		New
0059: Electricity - Administration		ELEKTRISITEIT AANSLUITING ERF			Other	6		5 500	-	-		New
0059: Electricity - Administration		ELEKTRISITEIT AANSLUITING ERF			Other	6		5 500	-	-		New
0059: Electricity - Administration		EQUIPMENT FOR MONITORING OF			Other	400		-	400	-		New
0059: Electricity - Administration		INSTALLATION OF HIGH MAST			Other	14 661		2 017 544	7 644	5 000		New
0059: Electricity - Administration		MAKITA BOOR			Other	5	5					New
0059: Electricity - Administration		NUWE VOORUITBETAALMETERS			Other	95	95					New
0059: Electricity - Administration		UPGRADE MAIN SUPPLY NETWORK			Other	1 408		-	1 408	-		New
0059: Electricity - Administration		UPGRADING OF NETWORKS -			Other	200		200 000	-	-		New
0059: Electricity - Administration		VOORUITBETAALMETERS-			Other	4	4					New
0007: Budget & Treasury Office		CLUSTER UNIT - 4 PERSONS			Other	13	13					New
0007: Budget & Treasury Office		2 x DATA LOGGER BATES			Other	40	40					New
0007: Budget & Treasury Office		FUEL TANKS AND EQUIPMENT			Other	-		-	-	-		New
0007: Budget & Treasury Office		INSTALL OF ELECTRICAL GATE			Other	16	16					New
0007: Budget & Treasury Office		OFFICE CHAIR - (CFO)			Other	1	1					New
0007: Budget & Treasury Office		PEDESTAL - 4 PERSONS			Other	9	9					New
0007: Budget & Treasury Office		PUNCH REXEL(OFFICE32)			Other	4	4					New
0007: Budget & Treasury Office		2 x CLUSTER UNITS			Other	4	4					New
0007: Budget & Treasury Office		STOFSUIER			Other	4		4 033	-	-		New
0009: Human Resources		BIOMATRIX CLOCK SYSTEM			Other	559		558 847	-	-		New
0033: Information Technology		DUAL PURPOSE LADDER			Other	2		2 024	-	-		New
0033: Information Technology		3 x EPSON THERMAL RECEIP -			Other	6	6					New
0033: Information Technology		HELLERMANN TYTON TOOL KIT			Other	1		796	-	-		New
0033: Information Technology		HP LASERJET PRINTER (KANTOOR			Other	6		5 685	-	-		New
0033: Information Technology		IBM SERVER			Other	590		589 987	-	-		New
0033: Information Technology		ITRON SERVER AND EQUIPMENT			Other	196		195 978	-	-		New
0033: Information Technology		KYOCERA MULTIFUNKSIE			Other	54	54					New
0033: Information Technology		4 x LAPTOP (BATE BESTUUR)			Other	24	24					New

Table 62 MBRR SA36: Detailed capital budget per municipal vote (continued)

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code	Asset Class	Total Project Estimate	Prior year outcomes		2016/17 Medium Term Revenue & Expenditure Framework			Project information
							Audited Outcome 2014/15	Current Year 2015/16 Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	New or renewal
R thousand	4			2	3							
0033: Information Technology		LAPTOP (MIG)			Other	9		8 562	-	-		New
0033: Information Technology		LAPTOP (VERKEER)			Other	7		6 856	-	-		New
0033: Information Technology		LAPTOP ACER (KANTOOR 28 NEW			Other	8		8 413	-	-		New
0033: Information Technology		25 x LAPTOPS: RAADSLEDE			Other	165	165					New
0033: Information Technology		4 x LED MONITOR (BIOMETRIESE			Other	4		4 336	-	-		New
0033: Information Technology		METABO BOOR			Other	1	1					New
0033: Information Technology		MIKROTIK 493G ROUTER			Other	-		-	-	-		New
0033: Information Technology		5 x MIKROTIK RB750 ROUTER			Other	4		4 030	-	-		New
0033: Information Technology		4 x MINI PC (BIOMETRIESE			Other	21		20 616	-	-		New
0033: Information Technology		5 x NANO BRIDGE M5 POWER			Other	9		8 775	-	-		New
0033: Information Technology		5 x OKI MICROLINE PRINTER			Other	10		10 090	-	-		New
0033: Information Technology		OKI ML1120 ELITE PRINTER			Other	2	2					New
0033: Information Technology		OKI ML1120 ELITE PRINTER			Other	2	2					New
0033: Information Technology		OKI ML1120 ELITE PRINTER			Other	2	2					New
0033: Information Technology		OKI ML3321 DOT MATRIX PRINTER			Other	7	7					New
0033: Information Technology		5 x POE LAYER 3 SWITCH			Other	149		148 850	-	-		New
0033: Information Technology		5 x POE UNMANAGED GIGABIT			Other	37		36 595	-	-		New
0033: Information Technology		3 x POSIFLEX THERMAL SLIP			Other	4	4					New
0033: Information Technology		6 x REKENAAR - SCM UNIT			Other	47	47					New
0033: Information Technology		REKENAAR (PAB KASSIER)			Other	5		5 294	-	-		New
0033: Information Technology		18 x REKENAAR (VENDORS)			Other	93		92 608	-	-		New
0033: Information Technology		ROCKET M5 UBIQUITY AIRMAX			Other	9		8 775	-	-		New
0033: Information Technology		9 x DRUKKERS (VENDORS)			Other	15		15 399				
0033: Information Technology		SAGEM MSO 300 ENROLMENT			Other	6		6 452	-	-		New
0033: Information Technology		9 x SKERM (VENDORS)			Other	9		8 730	-	-		New
0033: Information Technology		5 x UNMANAGED GIGABIT SWITCH			Other	11		11 310	-	-		New
0033: Information Technology		5 x USB THERMAL PRINTER			Other	11		10 705	-	-		New
0033: Information Technology		SAMSUNG LASER PRINTER					5					
0032: Internal Audit		OFFICE CHAIR - SEN MANAGER:			Other	1	1					New
0051: Island Holiday Resort		4 x DSTV DECODER			Other	2	2					New
0051: Island Holiday Resort		LUGVERSORGER - CHALET 11			Other	7	7					New

Table 62 MBRR SA36: Detailed capital budget per municipal vote (continued)

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code	Asset Class	Total Project Estimate	Prior year outcomes		2016/17 Medium Term Revenue & Expenditure Framework			Project information
							Audited Outcome 2014/15	Current Year 2015/16 Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	New or renewal
R thousand	4			2	3							
0051: Island Holiday Resort		LUGVERSORGER - CHALET 12			Other	7	7					New
0051: Island Holiday Resort		LUGVERSORGER - CHALET 13			Other	7	7					New
0051: Island Holiday Resort		LUGVERSORGER - CHALET 9			Other	7	7					New
0031: Local Economic Development		UPGRADING LONG DISTANCE TAXI			Other	663	663					New
0031: Local Economic Development		UPGRADING LONG DISTANCE TAXI			Other	399	399	-	-	-		New
1004: Masincedane Library Project		2 DRAW FILING CABINET			Other	1		1 400	-	-		New
1004: Masincedane Library Project		4 x 2STEP HD LADDER (ROLL-			Other	1	1					New
1004: Masincedane Library Project		BLINDS (FORUM)(ROLL-OVER)			Other	27	27					New
1004: Masincedane Library Project		DISPLAY SHELVE FOR MAGAZINES			Other	2		2 393	-	-		New
1004: Masincedane Library Project		FILE CABINETS(ROLL-OVER)			Other	1		1 400	-	-		New
1004: Masincedane Library Project		GUILLOTINE(ROLL-OVER)			Other	1	1					New
1004: Masincedane Library Project		3 x LAMINATORS(ROLL-OVER)			Other	10	10					New
1004: Masincedane Library Project		OFFICE CHAIR			Other	1		877	-	-		New
1004: Masincedane Library Project		10 x OPEN SHELF(KAROS)(ROLL-			Other	7	7					New
1004: Masincedane Library Project		PROJECTOR PARROT DIGITAL			Other	5		5 260	-	-		New
1004: Masincedane Library Project		8 x SCHOOL			Other	3	3					New
1004: Masincedane Library Project		SCREEN TRIPOD PARROT PVC			Other	2		1 536	-	-		New
1004: Masincedane Library Project		2 x STOFUIER			Other	4		4 210	-	-		New
0011: Municipal Manager		HISENSE FRIDGE(MAYOR)			Other	2	2					New
0011: Municipal Manager		SAMSUNG 43 INCH			Other	5	5					New
0011: Municipal Manager		URN(MAYOR)			Other	1	1					New
0011: Municipal Manager		WATER DISPENSER (MAYOR))			Other	2	2					New
0050: Parks		UPGRADING OF IRRIGATION SYSTEM				8	8					
0050: Parks		DEVELOPMENT OF PARK: KALKSLOOT (ROLL-OVER)			Other	21	21					New
0050: Parks		DEVELOPMENT OF PARK: NTSIKELELO(ROLL-OVER)			Other	9	9					New

Table 62 MBRR SA36: Detailed capital budget per municipal vote (continued)

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code 2	Asset Class	Total Project Estimate	Prior year outcomes		2016/17 Medium Term Revenue & Expenditure Framework			Project information
							Audited Outcome 2014/15	Current Year 2015/16 Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	New or renewal
R thousand	4				3							
0050: Parks		DEVELOPMENT OF PARK: RAASWATER (ROLL-OVER)			Other	3	3					New
0004: Property Administration		WYK 12:AANKOOP VAN PLAAS			Other	259		258 768	–	–		New
0027: Refuse Removal Services		5 x TWEERIGTING RADIO			Other	12	12					New
0027: Refuse Removal Services		5 x VULLIS WAENTJIE			Other	15	15					New
0045: Sewerage Purification Plant		BIO FILTER NOMMER 3 (RIOOLWERKKE)			Infrastructure - Sanitation	266	133		133			New
0045: Sewerage Purification Plant		BUCKET ERADICATION - 313			Infrastructure - Sanitation	4 860	4 860					New
0045: Sewerage Purification Plant		ERVEN ROSEDALE			Infrastructure - Sanitation				13 769			
0045: Sewerage Purification Plant		BUCKET ERADICATION			Infrastructure - Sanitation							
0048: Sewerage Distribution Networks		CONSTRUCTION OF WATER SERVICES			Infrastructure - Sanitation	170	170					New
0045: Sewerage Purification Plant		ELEKTRIESE MOTOR VIR			Infrastructure - Sanitation	5	5					New
0045: Sewerage Purification Plant		INGANGSHEK			Infrastructure - Sanitation							
0048: Sewerage Distribution Networks		ENLARGE MAIN SEWERAGE			Infrastructure - Sanitation							
0048: Sewerage Distribution Networks		DRAINAGE LINE (LOAN)(ROLL)			Infrastructure - Sanitation	161	161					New
0045: Sewerage Purification Plant		EXTENSIONS TO KAMEELMOND			Infrastructure - Sanitation							
0045: Sewerage Purification Plant		SEWERAGE WORKS			Infrastructure - Sanitation	–		–	–	–		New
0045: Sewerage Purification Plant		L/VALE ROAD-UPGRADE OF			Infrastructure - Sanitation							
0045: Sewerage Purification Plant		OXIDATION POND (LOAN)			Infrastructure - Sanitation	448	448					New
0045: Sewerage Purification Plant		L/VALE ROAD-UPGRADE OXIDATION			Infrastructure - Sanitation							
0045: Sewerage Purification Plant		POND (GRANT- ROLL)			Infrastructure - Sanitation	4 989	4 989					New
0045: Sewerage Purification Plant		PROSONIC S FMU90			Infrastructure - Sanitation							
0045: Sewerage Purification Plant		PUMPCONTROL (DUIKWEG)			Infrastructure - Sanitation	12	12					New
0045: Sewerage Purification Plant		PROSONIC S FMU90			Infrastructure - Sanitation							
0045: Sewerage Purification Plant		PUMPCONTROL (RIOOLWERKE)			Infrastructure - Sanitation	12	12					New
0045: Sewerage Purification Plant		RBIG IMPLEMENTATION			Infrastructure - Sanitation							
0045: Sewerage Purification Plant		READYNESS STUDY -			Infrastructure - Sanitation							
0045: Sewerage Purification Plant		KAMEELMOND WWTW			Infrastructure - Sanitation	570		570 175				New

Table 62 MBRR SA36: Detailed capital budget per municipal vote (continued)

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code 2	Asset Class	Total Project Estimate	Prior year outcomes		2016/17 Medium Term Revenue & Expenditure Framework			Project information
							Audited Outcome 2014/15	Current Year 2015/16 Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	New or renewal
R thousand	4				3							
0048: Sewerage Distribution Networks		WATER & RIOOL DIENSTE IN VERSKEIE WOONGEBIEDE			Infrastructure - Sanitation	1 421	1 421					New
0055: Sport Grounds		COMMUNITY SPORT FACILITY FOR YDVS			Other	100	100					New
0055: Sport Grounds		YDVS Movables				(16)	(16)					
0055: Sport Grounds		COMMUNITY SPORT FACILITY:			Other	84	84					
0055: Sport Grounds		COMMUNITY SPORT FACILITY:			Other	461	461					New
0055: Sport Grounds		COMMUNITY SPORT FACILITY:			Other	668	668					New
0055: Sport Grounds		COMMUNITY SPORT FACILITY:			Other	1 123	1 123					New
0055: Sport Grounds		COMMUNITY SPORT FACILITY:			Other	258	258					New
0055: Sport Grounds		COMMUNITY SPORT FACILITY:			Other	282	282					New
0055: Sport Grounds		COMMUNITY SPORT FACILITY:SFC			Other	692	692					New
0055: Sport Grounds		DEVELOPMENT OF NEW			Other	239	239					New
0055: Sport Grounds		DEVELOPMENT OF NEW			Other	38	38					New
0055: Sport Grounds		LOTTO ALLOCATION FOR SPORT			Other	590		589 771	-	-		New
0031: Local Economic Development		SKATEBOARD TRACK			Other	2 615	2 615					New
0055: Sport Grounds		UPGRADING -KAROS SPORT			Other	8	8					New
0041: Streets and Stormwater		CONNECTION ROAD			Other	4 971	4 971					New
0041: Streets and Stormwater		IMPROVEMENT OF ROAD SAFETY			Other	83		82 817	-	-		New
0041: Streets and Stormwater		KALKSLOOT ACCESS ROAD (MIG)			Other	20	20					New
0041: Streets and Stormwater		PAVING STREETS-UPGRADE			Other	15		14 738	-	-		New
0041: Streets and Stormwater		RESEALING OF STREETS (PHASE			Other	(178)	(178)					New
0041: Streets and Stormwater		ROAD UPGRADE - DR HARRY			Other	9 569	9 569					New
1022: Sundry Donations		ENERGY EFFICIENCY DEMAND			Other	2 923	2 923					New
0030: Town Planning and Building		LASER R/FINDER PLR50			Other	2		1 698	-	-		New
0030: Town Planning and Building		OPTIPLAN HI DENSITY FILLING			Other	95		95 157	-	-		New
0020: Traffic Services		PADTEKENS IN VERSKEIE GEBIEDE			Other	29	29					New
0046: Transport		BRANDWEER TROK			Other	500	500					New

Table 62 MBRR SA36: Detailed capital budget per municipal vote (continued)

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code 2	Asset Class	Total Project Estimate	Prior year outcomes		2016/17 Medium Term Revenue & Expenditure Framework			Project information
							Audited Outcome 2014/15	Current Year 2015/16 Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	New or renewal
R thousand	4				3							
0046: Transport		4 x 4 VEHICLE (ASSETS)			Other				550			
0046: Transport		FIRE TRUCK			Other				3 509			
0046: Transport		IMPROVEMENTS AT			Other	16	16					New
0046: Transport		2 x STL BRUSH CUTTER			Other	11	11					New
0046: Transport		STL CHAIN SAW			Other	6	6					New
0046: Transport		STL PALM CUTTER			Other	7	7					New
0046: Transport		STL PRUNER HIGH RISE			Other	8	8					New
0067: Water Distribution		ACQUISITION&INSTALLATION OF			Other	1 491		1 491 229	-	-		New
0067: Water Distribution		CIVIL SERVICES - INDUSTRIAL			Other	10 000		5 000 000	5 000			New
0067: Water Distribution		CIVIL SERVICES			Other	714	714	-	-	-		New
0067: Water Distribution		EPWP PROJECT - PRE-PAID			Other	378		377 890	-	-		New
0067: Water Distribution		INSTALLATION OF PRE-PAID			Other	877		877 193	-	-		New
0067: Water Distribution		INSTALLATION OF COMMUNAL							877			
0067: Water Distribution		INSTALLATION WATER-SERVICES			Other	319		318 959	-	-		New
0067: Water Distribution		NUWE WATERMETERS			Other	139	139					New
0067: Water Distribution		OFFICE AT WATER DISTRIBUTION			Other	91		90 745	-	-		New
0067: Water Distribution		SIVIELE DIENSTE - 6667 ERWE			Other	3 868		3 867 862	-	-		New
0067: Water Distribution		SUPPLY AND DELIVERY OF 5000L			Other	1 116		116 358	1 000	-		New
0067: Water Distribution		WATER CONNECTIONS (425 ERWE			Other	-		-	-	-		New
0066: Water Production		AH SEPTEMBER WATER			Other	2 847		2 847 233	-	-		New
0066: Water Production		AH SEPTEMBER WATER			Other	5 023	5 023					New
0066: Water Production		AH SEPTEMBER WATER			Other	15 650	15 650					New
0066: Water Production		COMPOUND MICROSCOPE BINOC			Other	6	6					New
0066: Water Production		CPU & MONITOR VAN TELEMETRY			Other	9	9					New
0066: Water Production		INSTALL WATER METERS (PAB,			Other	129	129					New
0066: Water Production		KALAHARI POMPSTASIE - 55KW			Other	53	53					New
0066: Water Production		2 x LUGVERSORGER BY AH			Other	17	17					New
0066: Water Production		MULTI STEP LADDER - KAROS			Other	1	1					New
0066: Water Production		MULTI STEP LADDER -			Other	1	1					New
0066: Water Production		MULTI STEP LADDER - LEERKRANS			Other	1	1					New
0066: Water Production		MULTI STEP LADDER - LESEDING			Other	1	1					New

Table 62 MBRR SA36: Detailed capital budget per municipal vote (continued)

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code	Asset Class	Total Project Estimate	Prior year outcomes		2016/17 Medium Term Revenue & Expenditure Framework			Project information
							Audited Outcome 2014/15	Current Year 2015/16 Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	New or renewal
R thousand	4			2	3							
0066: Water Production		MULTI STEP LADDER - LOUISVALE			Other	1	1					New
0066: Water Production		MULTI STEP LADDER - NTSIKELELO			Other	1	1					New
0066: Water Production		MULTI STEP LADDER -			Other	1	1					New
0066: Water Production		OPGRADERING VAN RAASWATER &			Other	287		287 111	-	-		New
0066: Water Production		WATER CONNECTIONS (425 ERWE			Other	244	244					New
0059: Electricity - Administration		FASE2: UPGRADING OF			Infrastructure - Electricity	191	191					Renewal
0059: Electricity - Administration		NEW PRE-PAID ELECTRICITY			Other	100		25 000	25	25	25	Renewal
0059: Electricity - Administration		PRE-PAID ELECTRICITY METERS			Other	100		25 000	25	25	25	Renewal
0059: Electricity - Administration		TRANSFORMER 20 MVA 132/11K			Other	5 304		5 303 500	-	-		Renewal
0007: Financial Services		HIGH BACK CHAIR (SUPPLY CHAIN			Other	2		1 800	-	-		Renewal
0007: Financial Services		OFFICE CHAIR			Other	3		2 538	-	-		Renewal
0033: Information Technology		HP LASERJET 4 IN 1 PRINTER (CFO			Other	3		2 566	-	-		Renewal
0033: Information Technology		LAPTOP ACER (KANTOOR 28 MRS			Other	8		8 413	-	-		Renewal
0033: Information Technology		LAPTOP ACER (KANTOOR 87 MRS			Other	8		8 000	-	-		Renewal
0033: Information Technology		LUGVERSORGER (SERVERKAMER)			Other	11		11 391	-	-		Renewal
0033: Information Technology		OKI PRINTER (VERKEER)			Other	8		7 979	-	-		Renewal
0033: Information Technology		PRINTER SAMSUNG SL-M2070			Other	2		1 579	-	-		Renewal
0051: Island Holiday Resort:		DSTV DECODER (CHALET 03)			Other	1		701	-	-		Renewal
0051: Island Holiday Resort:		DSTV DECODER (CHALET 14)			Other	1		701	-	-		Renewal
0051: Island Holiday Resort:		DSTV DECODER (CHALET 24)			Other	1		701	-	-		Renewal
0051: Island Holiday Resort:		DSTV DECODER (CHALET 34)			Other	1		701	-	-		Renewal
0051: Island Holiday Resort:		DSTV DECODER (CHALET 42)			Other	1		701	-	-		Renewal
0051: Island Holiday Resort:		GEYSER (CHALET 10)			Other	2		1 752	-	-		Renewal
0051: Island Holiday Resort:		GEYSER (CHALET 24)			Other	2		1 752	-	-		Renewal
0051: Island Holiday Resort:		2 x GEYSER (GROUP			Other	6		5 790	-	-		Renewal
0051: Island Holiday Resort:		LUGVERSORGER (CHALET 14)			Other	4		3 759	-	-		Renewal
0051: Island Holiday Resort:		LUGVERSORGER (CHALET 19)			Other	4		3 764	-	-		Renewal
0051: Island Holiday Resort:		2 x LUGVERSORGER (CHALET 29)			Other	8		7 518	-	-		Renewal
0051: Island Holiday Resort:		LUGVERSORGER (CHALET 30)			Other	4		3 759	-	-		Renewal

Table 62 MBRR SA36: Detailed capital budget per municipal vote (continued)

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code	Asset Class	Total Project Estimate	Prior year outcomes		2016/17 Medium Term Revenue & Expenditure Framework			Project information
							Audited Outcome 2014/15	Current Year 2015/16 Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
R thousand	4			2	3							New or renewal
0051: Island Holiday Resort		LUGVERSORGER (CHALET 33)			Other	4		3 764	–	–		Renewal
0051: Island Holiday Resort		LUGVERSORGER (CHALET 34)			Other	4		3 764	–	–		Renewal
0051: Island Holiday Resort		LUGVERSORGER (CHALET 40)			Other	4		3 759	–	–		Renewal
0051: Island Holiday Resort		LUGVERSORGER (CHALET 55)			Other	4		3 759	–	–		Renewal
0051: Island Holiday Resort		LUGVERSORGER (CHALET 58)			Other	4		3 759	–	–		Renewal
0051: Island Holiday Resort		LUGVERSORGER (CHALET 60)			Other	4		3 764	–	–		Renewal
0051: Island Holiday Resort		TELEVISIE HISENSE 32 (CHALET 02)			Other	3		2 544	–	–		Renewal
0051: Island Holiday Resort		TELEVISIE HISENSE 32 (CHALET 09)			Other	3		2 544	–	–		Renewal
0051: Island Holiday Resort		TELEVISIE HISENSE 32 (CHALET 10)			Other	3		2 544	–	–		Renewal
0051: Island Holiday Resort		TELEVISIE HISENSE 32 (CHALET 22)			Other	3		2 544	–	–		Renewal
0051: Island Holiday Resort		TELEVISIE HISENSE 32 (CHALET 35)			Other	3		2 500	–	–		Renewal
0051: Island Holiday Resort		TELEVISIE HISENSE 32 (CHALET 42)			Other	3		2 544	–	–		Renewal
0051: Island Holiday Resort		YSKAS (CHALET 09)			Other	2		2 193	–	–		Renewal
0051: Island Holiday Resort		YSKAS (CHALET 14)			Other	2		1 579	–	–		Renewal
0051: Island Holiday Resort		YSKAS (CHALET 24)			Other	2		2 193	–	–		Renewal
0051: Island Holiday Resort		YSKAS (CHALET 34)			Other	2		1 579	–	–		Renewal
0051: Island Holiday Resort		YSKAS (CHALET 48)			Other	2		1 579	–	–		Renewal
0051: Island Holiday Resort		YSKAS (CHALET 59)			Other	2		2 193	–	–		Renewal
0051: Island Holiday Resort		YSKAS (CHALET 62)			Other	3		3 351	–	–		Renewal
0011: Municipal Manager		UNALLOCATED ASSETS			Other	4 975		200 000	1 500	1 590	1 685	Renewal
0027: Refuse Removal Services		RTS DV3150 BOSVARK RADIO			Other	1		1 395	–	–		Renewal
0045: Sewerage Purification Plant		BIO FILTER NOMMER 1			Other	155		154 729	–	–		Renewal
0045: Sewerage Purification Plant		BIO FILTER NOMMER 2			Other	155		154 729	–	–		Renewal
0045: Sewerage Purification Plant		PROSONIC S FMU90			Other	36		35 582	–	–		Renewal
0045: Sewerage Purification Plant		VERVANG UITGEDIENDE			Other	1 300		850 000	450			Renewal
0045: Sewerage Purification Plant		VERVANG UITGEDIENDE			Other	282	282					Renewal
0041: Streets and Stormwater		IMPROVEMENT OF ROAD SAFETY			Other	411	411					Renewal
0041: Streets and Stormwater		PAVING STREETS PABALLELO			Other	93	93					Renewal
0041: Streets and Stormwater		PAVING STREETS-UPGRADE			Other	686	686					Renewal

Table 62 MBRR SA36: Detailed capital budget per municipal vote (continued)

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code	Asset Class	Total Project Estimate	Prior year outcomes		2016/17 Medium Term Revenue & Expenditure Framework			Project information
							Audited Outcome 2014/15	Current Year 2015/16 Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
R thousand	4			2	3							New or renewal
1022: Sundry Donations		EEDSM GRANT 2015-2016			Other	5 203		5 203 158				Renewal
1022: Sundry Donations		EEDSM GRANT 2016-2017			Other	6 114			6 114			Renewal
1022: Sundry Donations		EEDSM GRANT 2017-2018			Other	4 386				4 386		Renewal
1022: Sundry Donations		ENERGY EFFICIENCY DEMAND			Other	632		632 000	–	–		Renewal
0052: Swimming Pools		CHLORINEERDER - BELLVUE			Other	18		18 378	–	–		Renewal
0052: Swimming Pools		CHLORINEERDER - PABALLELO			Other	18		18 378	–	–		Renewal
0020: Traffic Services		2 x LUGVERSORGER (ADMIN			Other	12		11 850	–	–		Renewal
0020: Traffic Services		PADTEKENS (VERSKEIE GEBIEDE)			Other	60		60 000	–	–		Renewal
0020: Traffic Services		TWEE RIGTING RADIO			Other	–		–	–	–		Renewal
0046: Transport		1 Ton Armoured Response Vehicle			Other	500			500			Renewal
0046: Transport		2 x 1.6 500Kg LAW			Other	1 110			340	370	400	Renewal
0046: Transport		2 x 1.6 Hatch back			Other	645			300	165	180	Renewal
0046: Transport		1.6 Sedan			Other	180					180	Renewal
0046: Transport		2 Ton Crew Cab trok met Drarak			Other	930			450	480		Renewal
0046: Transport		3 x 2. 1000Kg LAW			Other	1 455			585	420	450	Renewal
0046: Transport		9000 liter Vacuum Tanker			Other	3 900			1 200	1 300	1 400	Renewal
0046: Transport		Bell Compactor (Funksie 27)			Other	3 500			3 500			Renewal
0046: Transport		Blower Mower			Other	150			45	50	55	Renewal
0046: Transport		Cherry Picker 4Ton			Other	1 500			700	800		Renewal
0046: Transport		CONCRETE/ASPHALT CUTTER			Other	19		19 392	–	–		Renewal
0046: Transport		Draagbare pomp 75mm ii en uitlaet			Other	13			13			Renewal
0046: Transport		Grassnyers Zero Turn			Other	330			105	110	115	Renewal
0046: Transport		4 x Jackhammer Breakers			Other	97			52	45		Renewal
0046: Transport		4 x Kanslanesr			Other	99			34	36	29	Renewal
0046: Transport		Kettingsaag			Other	26			8	9	10	Renewal
0046: Transport		Kompakteerder Trok			Other	3 600			1 100	1 200	1 300	Renewal
0046: Transport		Laaigraaf 3-4 cub			Other	3 150			950	1 050	1 150	Renewal
0046: Transport		2 x MOBIELE DRUKPOMP 50MM			Other	9		9 296	–	–		Renewal
0046: Transport		Roller (Bomag)			Other	90			90			Renewal

Table 62 MBRR SA36: Detailed capital budget per municipal vote (continued)

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code 2	Asset Class	Total Project Estimate	Prior year outcomes		2016/17 Medium Term Revenue & Expenditure Framework			Project information
							Audited Outcome 2014/15	Current Year 2015/16 Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	New or renewal
R thousand	4				3							
0046: Transport		SANITASIE TROK			Other	932		931 980				Renewal
0046: Transport		Snoeisaag (Pruner)			Other	16			8	9	–	Renewal
0046: Transport		3 x STL BRUSH CUTTER (PARKE)			Other	24		23 970	–	–		Renewal
0046: Transport		3 x STL BRUSH			Other	22		22 448	–	–		Renewal
0046: Transport		STL PRUNER HIGH RISE (PARKE)			Other	8		8 334	–	–		Renewal
0046: Transport		Tipper 6000cub			Other	2 850			900	950	1 000	Renewal
0046: Transport		WATERTENK			Other	–						Renewal
0067: Water Distribution		EPWP PROJECT - PRE-PAID			Other	512	512					Renewal
0066: Water Production		SIVIELE DIENSTE - 6667 ERWE			Other	1 284	1 284					Renewal
0066: Water Production		TELEMETRY SYSTEMS - VARIOUS			Other	534	534					Renewal
0066: Water Production		TELEMETRY SYSTEMS - VARIOUS			Intangibles		83					
0066: Water Production		ACQUISITION&INSTALLATION OF BULK METERS&LOG			Other	–	–					New
Parent Capital expenditure	1								69 818	39 713	32 075	
Entities: <i>List all capital projects grouped by Entity</i>												
Entity A Water project A												
Entity B Electricity project B												
Entity Capital expenditure							–	–	–	–	–	
Total Capital expenditure							71 851	51 098 145	69 818	39 713	32 075	

2.13 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Mayor (within 10 working days) has progressively improved.
2. Internship programme
The municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department. Since the introduction of the Internship programme the municipality has successfully employed and trained four other interns through this programme and all of them were appointed in the municipality.
3. Budget and Treasury Office
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee
An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan
The detail SDBIP document is at a final stage and will be tabled to Council on the 31th of March 2016. The SDBIP is directly aligned and informed by the 2016/2017 MTREF.
6. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training

The MFMA training module in electronic format is presented at the municipality's internal centres and training is on-going.

8. Policies

An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009 was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

2.14 Other supporting documents

Table 63 MBRR Table SA1 - Supporting detail to budgeted financial performance

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
REVENUE ITEMS:											
Property rates	6										
Total Property Rates		50 437	61 003	76 868	82 925	86 937	86 937	86 937	93 023	99 535	106 502
less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)		2 051	2 138	7 168	7 437	8 245	8 245	8 245	8 822	9 439	10 100
Net Property Rates		48 386	58 865	69 700	75 488	78 693	78 693	78 693	84 201	90 095	96 402
Service charges - electricity revenue	6										
Total Service charges - electricity revenue		178 815	204 714	220 448	247 425	253 027	253 027	253 027	272 358	293 166	315 564
less Revenue Foregone (in excess of 50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-	-
less Cost of Free Basis Services (50 kwh per indigent household per month)		-	-	-	-	-	-	-	4 664	4 944	5 241
Net Service charges - electricity revenue		178 815	204 714	220 448	247 425	253 027	253 027	253 027	267 694	288 222	310 323
Service charges - water revenue	6										
Total Service charges - water revenue		39 027	44 475	47 326	48 709	48 401	48 401	48 401	51 789	55 414	59 293
less Cost of Free Basis Services (6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	556	590	625
Net Service charges - water revenue		39 027	44 475	47 326	48 709	48 401	48 401	48 401	51 232	54 824	58 668
Service charges - sanitation revenue											
Total Service charges - sanitation revenue		25 249	27 782	30 487	30 739	33 127	33 127	33 127	35 446	37 927	40 582
less Cost of Free Basis Services (free sanitation service to indigent households)		-	-	-	-	-	-	-	8 472	8 980	9 519
Net Service charges - sanitation revenue		25 249	27 782	30 487	30 739	33 127	33 127	33 127	26 974	28 947	31 063
Service charges - refuse revenue	6										
Total refuse removal revenue		23 181	26 274	29 667	29 108	29 098	29 098	29 098	31 135	33 315	35 647
less Cost of Free Basis Services (removed once a week to indigent households)		-	-	-	-	-	-	-	8 992	9 531	10 103
Net Service charges - refuse revenue		23 181	26 274	29 667	29 108	29 098	29 098	29 098	22 144	23 784	25 544
Other Revenue by source											
Administration Costs on sale of erven		-	-	358	-	-	-	-	450	477	506
Application Sub-Division / Rezoning		-	-	-	120	120	120	120	-	-	-
Capital Contribution		-	-	439	-	-	-	-	-	-	-
Actuarial Gain		-	6 706	12 339	-	-	-	-	-	-	-
Commission		422	457	473	450	455	455	455	482	511	542
Consent Use Levy		-	2 909	2 993	2 200	3 000	3 000	3 000	2 000	2 120	2 247
Employee Housing		-	104	55	-	-	-	-	25	27	28
Fair Value Adjustment		10 647	12 711	15 025	1 500	1 500	1 500	1 500	5 000	5 300	5 618
Graves		-	-	-	150	150	150	150	-	-	-
Income from Housing Agency Services		563	648	1 250	1 250	1 250	1 250	1 250	-	-	-
Insurance Claims		441	679	1 360	500	338	338	338	200	212	225
LGSETA		-	-	-	250	250	250	250	250	265	281
Occupational Practise Levy		-	251	878	600	850	850	850	901	955	1 012
Other Revenue		4 387	2 139	4 872	-	-	-	-	2 883	3 057	3 241
Plan Fees		463	830	599	2 109	2 885	2 885	2 885	644	683	724
Recoverable Cost (Income)		-	-	-	480	608	608	608	-	-	-
Reversal of provisions		-	-	219	-	-	-	-	-	-	-
Side Line Recoupment		186	205	234	210	210	210	210	223	236	250
Street Name Plate Compulsor		-	-	-	50	50	50	50	-	-	-
Unauthorised / Deviated Usage		-	-	306	280	555	555	555	205	217	230
Total 'Other' Revenue	1	17 109	27 640	41 399	10 149	12 221	12 221	12 221	13 264	14 060	14 904

**Table 63 MBRR Table SA1 - Supporting detail to budgeted financial performance
(continue)**

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
EXPENDITURE ITEMS:											
Employee related costs											
Basic Salaries and Wages	2	141 628	149 835	141 501	126 762	143 248	143 248	143 248	155 502	164 860	174 747
Pension and UIF Contributions		20 934	22 606	22 872	19 049	24 016	24 016	24 016	25 128	26 636	28 234
Medical Aid Contributions		9 631	10 554	11 103	9 144	11 777	11 777	11 777	12 275	13 012	13 792
Overtime		8 447	12 100	10 512	9 829	13 007	13 007	13 007	13 761	14 586	15 462
Performance Bonus		428	500	622	626	1 040	1 040	1 040	1 102	1 169	1 239
Motor Vehicle Allowance		–	1 512	3 484	2 868	3 103	3 103	3 103	3 229	3 423	3 629
Housing Allowances		336	285	281	247	1 724	1 724	1 724	1 796	1 904	2 018
Other benefits and allowances		2 979	5 876	7 813	5 353	7 720	7 720	7 720	8 144	8 633	9 151
Long service awards		–	–	–	242	–	–	–	–	–	–
sub-total	5	184 384	203 268	198 188	174 119	205 635	205 635	205 635	220 938	234 223	248 272
Less: Employees costs capitalised to PPE		3 863	3 829	1 751	1 465	929	929	929	985	1 044	1 106
Total Employee related costs	1	180 521	199 440	196 438	172 654	204 706	204 706	204 706	219 953	233 179	247 165
Contributions recognised - capital											
Total Contributions recognised - capital		–	–	–	–	–	–	–	–	–	–
Depreciation & asset impairment											
Depreciation of Property, Plant & Equipment		83 287	81 340	63 658	108 519	108 519	108 519	108 519	82 680	86 814	91 154
Capital asset impairment		3 559	3 122	11 709	–	–	–	–	–	–	–
Total Depreciation & asset impairment	1	86 846	84 462	75 367	108 519	108 519	108 519	108 519	82 680	86 814	91 154
Bulk purchases											
Electricity Bulk Purchases		120 912	133 061	146 072	170 000	170 000	170 000	170 000	183 362	197 774	213 319
Water Bulk Purchases		1 925	3 315	3 761	5 164	5 164	5 164	5 164	5 525	5 912	6 326
Total bulk purchases	1	122 837	136 376	149 833	175 164	175 164	175 164	175 164	188 887	203 686	219 645
Transfers and grants											
Non-cash transfers and grants		25 478	27 210	27 047	21 597	21 490	21 490	21 490	110	117	124
Total transfers and grants	1	25 478	27 210	27 047	21 597	21 490	21 490	21 490	110	117	124
Contracted services											
Commission Paid		1 252	1 529	1 881	1 750	1 960	1 960	1 960	2 126	2 272	2 427
Legal Costs		1 483	1 214	393	2 050	740	740	740	1 000	1 060	1 124
Other		1 976	1 218	1 585	2 774	1 298	1 298	1 298	1 451	1 538	1 630
Professional Fees		4 252	9 718	3 053	5 288	3 547	3 547	3 547	2 591	2 300	2 408
Rental Housing Stock		5 977	–	–	–	–	–	–	–	–	–
Revenue Enhancement Project		312	2 096	2 225	–	1 203	1 203	1 203	–	–	–
Storm Water Master Plan		–	–	–	50	–	–	–	–	–	–
Traffic Control Contracts		711	209	–	500	–	–	–	–	–	–
sub-total	1	15 962	15 984	9 137	12 413	8 748	8 748	8 748	7 169	7 170	7 589
Allocations to organs of state:											
Total contracted services		15 962	15 984	9 137	12 413	8 748	8 748	8 748	7 169	7 170	7 589

Table 63 MBRR Table SA1 - Supporting detail to budgeted financial performance (continue)

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
Other Expenditure By Type											
Collection costs		196	155	86	230	-	-	-	-	-	-
Contributions to 'other' provisions		10 252	11 768	12 371	10 963	10 963	10 963	10 963	12 500	13 250	14 045
Audit fees		2 910	3 493	4 487	5 150	4 477	4 477	4 477	4 425	4 691	4 972
Actuarial Loss		1 266	-	-	1 000	1 000	1 000	1 000	1 000	1 060	1 124
Advertisement Costs		631	199	513	687	443	443	443	620	657	696
Bank Charges		824	1 082	1 451	1 500	1 500	1 500	1 500	1 590	1 685	1 787
Black Plastic Bags		1 182	1 173	1 144	1 320	1 322	1 322	1 322	1 510	1 601	1 697
Chemicals/Fertilizers		2 115	2 183	2 291	2 615	2 842	2 842	2 842	2 807	2 976	3 154
Cleaning Material		574	559	384	723	547	547	547	715	758	803
Commission Paid		918	973	887	1 405	1 397	1 397	1 397	1 508	1 623	1 746
Cultural Festival		12	12	57	20	20	20	20	-	-	-
Energy Efficiency Demand Management System		-	-	-	4 692	-	-	-	-	-	-
Entertainment Costs		211	63	253	314	161	161	161	203	215	228
Fuel & Oil		8 463	8 672	7 005	8 072	7 812	7 812	7 812	8 501	9 011	9 551
Insurance		1 524	2 064	1 756	2 150	1 350	1 350	1 350	1 600	1 696	1 798
Laboratorium Analysis		370	459	563	903	753	753	753	615	652	691
Land Valuations		-	-	-	200	200	200	200			
Licence Fees		665	761	738	803	1 507	1 507	1 507	1 791	1 899	2 013
Membership Fees		2 975	2 133	1 899	2 088	2 039	2 039	2 039	2 186	2 317	2 456
Merging Expenditure		-	-	-	-	-	-	-	8 429	3 652	-
Municipal Consumption		66	42	1	-	-	-	-	17	18	20
Other Expenditure		2 539	2 666	2 269	4 905	3 699	3 699	3 699	5 246	5 559	5 893
Operating Grant expenditure		983	-	-	200	-	-	-	-	-	-
Operating Costs PMU		-	859	1 065	1 129	1 114	1 114	1 114	1 167	1 224	1 224
Printing/Stationary		1 264	1 324	988	1 552	1 457	1 457	1 457	1 653	1 752	1 857
Protective Clothing		559	486	475	1 335	1 224	1 224	1 224	1 366	1 448	1 535
Rental: Equipment & Machinery		675	199	215	1 098	65	65	65	569	603	639
Street Lightening		192	173	904	-	500	500	500	538	579	624
Subsistence & Travel Costs		2 141	1 065	1 486	1 798	1 353	1 353	1 353	1 512	1 602	1 669
Telephone/Postage		3 120	2 841	3 417	3 455	3 540	3 540	3 540	4 086	4 331	4 591
Training		1 917	666	798	1 614	792	792	792	1 024	1 086	1 151
Total 'Other' Expenditure	1	48 546	46 071	47 503	61 920	52 076	52 076	52 076	67 178	65 944	65 963
Repairs and Maintenance by Expenditure Item	8										
Other materials		12 636	10 555	9 297	18 758	16 308	16 308	16 308	17 937	17 745	18 810
Total Repairs and Maintenance Expenditure	9	12 636	10 555	9 297	18 758	16 308	16 308	16 308	17 937	17 745	18 810

**Table 64 MBRR Table SA2 – Matrix financial performance budget
(Revenue source / expenditure type and department)**

Description	Ref	Vote 1 - Municipal Manager	Vote 2 - Corporate Services	Vote 3 - Financial Services	Vote 4 - Community Services	Vote 5 - Technical Director	Vote 6 - Electro Mech Services	Vote 7 - Civil Engineering Services	Vote 8 - Development and Planning Services	Total
R thousand	1									
Revenue By Source										
Property rates		-	-	84 201	-	-	-	-	-	84 201
Property rates - penalties & collection charges		-	-	-	-	-	-	-	-	-
Service charges - electricity revenue		-	-	-	-	-	267 694	-	-	267 694
Service charges - water revenue		-	-	-	-	-	-	42 761	-	42 761
Service charges - sanitation revenue		-	-	-	-	-	-	35 446	-	35 446
Service charges - refuse revenue		-	-	-	22 144	-	-	-	-	22 144
Service charges - other		-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		-	2 229	-	918	-	-	-	5 392	8 538
Interest earned - external investments		-	-	600	-	-	-	-	-	600
Interest earned - outstanding debtors		-	-	3 000	-	-	-	-	-	3 000
Dividends received		-	-	-	-	-	-	-	-	-
Fines		-	-	-	541	-	-	-	-	541
Licences and permits		-	-	0	1 567	-	-	-	16	1 583
Agency services		-	-	-	3 657	-	-	-	-	3 657
Other revenue		-	837	5 910	933	-	520	336	5 379	13 914
Transfers recognised - operational		150	-	60 251	3 604	-	26	8 429	1 016	73 477
Gains on disposal of PPE		-	18 000	200	-	-	-	-	-	18 200
Total Revenue (excluding capital transfers and cont		150	21 065	154 162	33 363	-	268 240	86 972	11 803	575 755
Expenditure By Type										
Employee related costs		15 545	24 976	23 701	78 425	-	14 628	44 847	17 830	219 953
Remuneration of councillors		8 621	-	-	-	-	-	-	-	8 621
Debt impairment		-	-	5 000	-	-	-	-	-	5 000
Depreciation & asset impairment		76	6 593	253	6 528	-	19 762	48 886	583	82 680
Finance charges		-	-	1 200	-	-	6 178	7 601	-	14 978
Bulk purchases		-	-	-	-	-	183 362	5 525	-	188 887
Other materials		0	1 501	37	1 336	-	9 471	5 116	477	17 937
Contracted services		250	1 421	2 405	800	-	1 216	170	906	7 169
Transfers and grants		100	-	-	10	-	-	-	-	110
Other expenditure		7 684	(3 931)	(1 704)	22 793	-	(32)	39 361	3 007	67 178
Total Expenditure		32 275	30 560	30 891	109 892	-	234 585	151 506	22 804	612 513
Surplus/(Deficit)		(32 125)	(9 494)	123 271	(76 529)	-	33 655	(64 534)	(11 001)	(36 758)
Transfers recognised - capital		-	-	25 705	-	-	6 114	-	-	31 819
Surplus/(Deficit) after capital transfers & contributions		(32 125)	(9 494)	148 977	(76 529)	-	39 769	(64 534)	(11 001)	(4 939)

Table 65 MBRR Table SA3 – Supporting detail to Statement of Financial Position

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
ASSETS											
Call investment deposits											
Call deposits < 90 days		-	-	-							
Other current investments > 90 days		635	-	-					-	-	-
Total Call investment deposits	2	635	-	-	-	-	-	-	-	-	-
Consumer debtors											
Consumer debtors		56 168	59 719	73 349	53 000	65 715	65 715	65 715	67 050	72 050	77 050
Less: Provision for debt impairment		(10 375)	(9 324)	(13 568)	(10 625)	(10 625)	(10 625)	(10 625)	(10 625)	(10 625)	(10 625)
Total Consumer debtors	2	45 793	50 395	59 781	42 375	55 090	55 090	55 090	56 425	61 425	66 425
Debt impairment provision											
Balance at the beginning of the year		(17 087)	(10 375)	(10 944)	(10 625)	(10 625)	(10 625)	(10 625)	(10 625)	(10 625)	(10 625)
Contributions to the provision		(6 401)	241	7 597	2 000	5 000	5 000	5 000	5 000	5 300	5 618
Bad debts written off		13 114	(810)	(10 221)	(2 000)	(5 000)	(5 000)	(5 000)	(5 000)	(5 300)	(5 618)
Balance at end of year		(10 375)	(10 944)	(13 568)	(10 625)	(10 625)	(10 625)	(10 625)	(10 625)	(10 625)	(10 625)
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)		1 951 482	2 056 801	2 115 991	2 151 481	2 167 089	2 167 089	2 167 089	2 236 907	2 276 620	2 308 695
Leases recognised as PPE	3	-	-	-	-	-	-	-	-	-	-
Less: Accumulated depreciation		370 453	427 831	495 675	682 595	604 195	604 195	604 195	686 874	773 688	864 842
Total Property, plant and equipment (PPE)	2	1 581 029	1 628 970	1 620 316	1 468 885	1 562 895	1 562 895	1 562 895	1 550 033	1 502 932	1 443 853
LIABILITIES											
Current liabilities - Borrowing											
Current portion of long-term liabilities		15 920	23 229	17 060	10 837	10 837	10 837	10 837	8 473	9 459	8 966
Total Current liabilities - Borrowing		15 920	23 229	17 060	10 837	10 837	10 837	10 837	8 473	9 459	8 966
Trade and other payables											
Trade and other creditors		52 816	99 989	120 944	50 900	50 900	50 900	50 900	50 900	45 900	40 900
Unspent conditional transfers		37 174	36 087	5 675	-	-	-	-	-	-	-
VAT		10 138	-	-	8 500	8 500	8 500	8 500	8 500	8 500	8 500
Total Trade and other payables	2	100 128	136 076	126 620	59 400	59 400	59 400	59 400	59 400	54 400	49 400
Non current liabilities - Borrowing											
Borrowing	4	133 563	122 438	106 009	94 720	95 802	95 802	95 802	88 283	77 840	69 366
Total Non current liabilities - Borrowing		133 563	122 438	106 009	94 720	95 802	95 802	95 802	88 283	77 840	69 366
Provisions - non-current											
Retirement benefits		67 943	69 372	67 868	88 430	77 685	77 685	77 685	88 685	100 345	112 705
List other major provision items		-	-	-	-	-	-	-	-	-	-
Long Service Awards		11 064	11 455	11 068	15 605	13 213	13 213	13 213	15 713	18 363	21 172
Refuse landfill site rehabilitation		1 324	1 216	868	3 790	3 456	3 456	3 456	3 456	3 456	3 456
Total Provisions - non-current		80 331	82 043	79 803	107 826	94 354	94 354	94 354	107 854	122 164	137 333
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance		1 611 253	1 503 190	1 535 586	1 428 018	1 559 250	1 559 250	1 559 250	1 578 618	1 573 679	1 552 190
GRAP adjustments		(45 299)	48 023	-	-	-	-	-	-	-	-
Restated balance		1 565 954	1 551 213	1 535 586	1 428 018	1 559 250	1 559 250	1 559 250	1 578 618	1 573 679	1 552 190
Surplus/(Deficit)		(62 764)	(15 626)	23 664	23 755	19 367	19 367	19 367	(4 939)	(21 489)	(19 972)
Accumulated Surplus/(Deficit)	1	1 503 190	1 535 586	1 559 250	1 451 774	1 578 618	1 578 618	1 578 618	1 573 679	1 552 190	1 532 218
Reserves											
Total Reserves	2	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	1 503 190	1 535 586	1 559 250	1 451 774	1 578 618	1 578 618	1 578 618	1 573 679	1 552 190	1 532 218

Table 66 MBRR Table SA9 – Social, economic and demographic statistics and assumptions

Description of economic indicator	Basis of calculation	2001 Census	2007 Survey	2011 Census	2012/13	2013/14	2014/15	Current Year 2015/16	2017/18 Medium Term Revenue & Expenditure Framework		
					Outcome	Outcome	Outcome	Original Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Demographics											
Population	The 80-20 Report on Local Government				100	100	93	93	93	93	93
Females aged 5 - 14	The 80-20 Report on Local Government										
Males aged 5 - 14	The 80-20 Report on Local Government				Information not available	Information not available	Information not available	Information not available	Information not available	Information not available	Information not available
Females aged 15 - 34	The 80-20 Report on Local Government										
Males aged 15 - 34	The 80-20 Report on Local Government										
Unemployment	The 80-20 Report on Local Government										
Monthly household income (no. of households)											
No income	The 80-20 Report on Local Government				Information not available			2 278	2 278	2 278	2 278
R1 - R1 600	The 80-20 Report on Local Government				Information not available			5 439	5 439	5 439	5 439
R1 601 - R3 200	The 80-20 Report on Local Government				Information not available			4 579	4 579	4 579	4 579
R3 201 - R6 400	The 80-20 Report on Local Government				Information not available			3 766	3 766	3 766	3 766
R6 401 - R12 800	The 80-20 Report on Local Government				Information not available			3 347	3 347	3 347	3 347
R12 801 - R25 600	The 80-20 Report on Local Government				Information not available			2 278	2 278	2 278	2 278
R25 601 - R51 200	The 80-20 Report on Local Government				Information not available			1 093	1 093	1 093	1 093
R52 201 - R102 400	The 80-20 Report on Local Government				Information not available			302	302	302	302
R102 401 - R204 800	The 80-20 Report on Local Government				Information not available			116	116	116	116
R204 801 - R409 600	The 80-20 Report on Local Government				Information not available						
R409 601 - R819 200	The 80-20 Report on Local Government				Information not available			70	70	70	70
> R819 200	The 80-20 Report on Local Government				Information not available						
Poverty profiles (no. of households)											
< R2 060 per household per month	The 80-20 Report on Local Government				Information not available			8 554	8 554	8 554	8 554
Insert description											
Household/demographics (000)											
Number of people in municipal area					Information not available			93	93	93	93
Number of poor people in municipal area	The 80-20 Report on Local Government				Information not available			-	-	-	-
Number of households in municipal area					Information not available			23	23	23	23
Number of poor households in municipal area					Information not available			9	9	9	9
Definition of poor household (R per month)	The 80-20 Report on Local Government							< than R 2060 per month	< than R 2060 per month	< than R 2060 per month	< than R 2060 per month

Table 68 MBRR SA32 – List of external mechanisms

NC083 //Khara Hais - Supporting Table SA32 List of external mechanisms					
External mechanism	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
Name of organisation		Number			R thousand
BIQ	Yrs	Ongoing	Information System - Financial System	Ongoing	250
IMIS	Yrs	Ongoing	Information System - Financial System	Ongoing	400
Alltech Netstar Fleet Solutions	Mths	Ongoing	Satellite Tracking System for Vehicles	Ongoing - 30 Days	348
Team Mate	Yrs	Ongoing	Information System - Financial System	Notice Period	18
Help U Agencies	Yrs	5	Rental of Offices for Councillors and Ward Committee Members	Ongoing	5
RWT Trading	Yrs	3	Rental of Offices for Councillors and Ward Committee Members	End of Councillors'	5
TGIS	Yrs	0.5	Fixed Asset Register Maintenance - Immovable	Term 2015/2016	738

2.15 Municipal manager's quality certificate

I, Dalixolo Eric Ngxanga, Municipal Manager of //Khara Hais Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

DALIXOLO ERIC NGXANGA

Municipal Manager of //Khara Hais Municipality (NC083)

31 May 2016